

Marion B. Harvey, Roseland.
Edna E. Dudley, West Graham.
John S. Hinegardner, Weyers Cave.
Marguerite Alden Walker, Woodberry Forest.

WASHINGTON

Winifred L. Killion, Bryn Mawr.
Mable R. Clothier, Burien.
Ira A. Moore, Greenacres.
Lillian Brain, Thorp.

SENATE

MONDAY, NOVEMBER 29, 1937

(Legislative day of Tuesday, November 16, 1937)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

PRENTISS M. BROWN, a Senator from the State of Michigan, appeared in his seat today.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Friday, November 26, 1937, was dispensed with, and the Journal was approved.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Hitchcock	Overton
Ashurst	Connally	Johnson, Calif.	Pittman
Austin	Copeland	Johnson, Colo.	Pope
Bailey	Dieterich	King	Radcliffe
Bankhead	Donahay	Lee	Russell
Barkley	Duffy	Lodge	Schwartz
Berry	Ellender	Logan	Schwellenbach
Bilbo	Frazier	Louderman	Sheppard
Bone	George	Lundeen	Shipstead
Borah	Gerry	McAdoo	Smathers
Bridges	Gibson	McCarran	Smith
Brown, Mich.	Gillette	McGill	Stelwer
Brown, N. H.	Glass	McKellar	Thomas, Okla.
Bulkeley	Graves	McNary	Thomas, Utah
Bulow	Green	Maloney	Townsend
Burke	Guffey	Miller	Truman
Byrd	Hale	Minton	Vandenberg
Byrnes	Harrison	Murray	Van Nuys
Capper	Hatch	Neely	Wagner
Caraway	Hayden	Norris	White
Chavez	Herring	O'Mahoney	

Mr. MINTON. I announce that the Senator from West Virginia [Mr. HOLT], the Senator from Delaware [Mr. HUGHES], and the Senator from North Carolina [Mr. REYNOLDS] are absent from the Senate because of illness.

The Senator from Montana [Mr. WHEELER] is absent because of a death in his family.

The senior Senator from Florida [Mr. ANDREWS], the Senator from Illinois [Mr. LEWIS], the Senator from New Jersey [Mr. MOORE], the junior Senator from Florida [Mr. PEPPER], the Senator from Maryland [Mr. TYDINGS], and the Senator from Massachusetts [Mr. WALSH] are unavoidably detained.

Mr. AUSTIN. I announce that the Senator from Pennsylvania [Mr. DAVIS] is necessarily absent.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

THEODORE AUGUSTUS WALTERS

Mr. POPE. Mr. President, on November 27 Theodore A. Walters, First Assistant Secretary of the Interior, died at the Naval Hospital in Washington.

Mr. Walters was long a resident of my State. He was an attorney of distinction, he held high official positions in the State; and he possessed to an unusual degree the respect and confidence of the people.

I knew him for more than a quarter of a century, and was closely associated with him during all that time. His death came as a severe shock to me. I pay to him my tribute of love and respect.

In this connection, I ask to have inserted in the Appendix of the Record a memorandum for the press issued by the Department of the Interior on November 27, 1937.

The VICE PRESIDENT. Without objection, it is so ordered.

PRIVATE CONSTRUCTION AND FINANCING OF HOUSING (H. DOC. NO. 406)

The VICE PRESIDENT. The Chair lays before the Senate a message from the President of the United States, which will be read.

The message was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

To the Congress of the United States:

In my message to the Congress upon the convening of the extraordinary session on November 15 I said that I would address you further in regard to proposals to encourage the private construction and financing of housing on a large scale. The proposals which I am presenting for your consideration now are an important part of the program for increasing general business activity and employment during the coming year.

From the point of view of widespread and sustained economic recovery, housing constitutes the largest and most promising single field for private enterprise.

Housing construction has not kept pace with either the needs or growth of our population. From 1930 to 1937, inclusive, the average annual number of new dwelling units constructed in the United States was 180,000, as contrasted with an annual average of 800,000 in the 7 years prior to 1930. In addition much of our existing housing has seriously deteriorated or has been demolished.

It is estimated that an average of 600,000 to 800,000 dwelling units ought to be built annually over the next 5 years to overcome the accumulated shortage and to meet the normal growth in number of families. In other words, we could build over the next 5 years three or four million housing units which, at a moderate estimate of \$4,000 per unit, would mean spending from twelve to sixteen billion dollars, without creating a surplus of housing accommodations and, consequently, without impairing the value of existing housing that is fit for decent human occupancy.

The long-continued lag in building is a drag on all industry and trade. This presents an urgent problem which is the common concern of industry, labor, and government. All business needs the infusion of orders and the diffusion of purchasing power that come when building is thriving. Great numbers of people look directly or indirectly to the construction industry for employment. This industry, to a greater extent than any other, can put idle funds to work and thus speed up the circulation of the Nation's money supply. This, in turn, would increase national income, reduce unemployment, and, as a result, contribute toward a balancing of the Budget.

Since 1933 we have had a great recovery movement in which housing construction has played only a minor part. That it should play a major part has been clearly recognized by this administration from the outset. But, though much has been done to encourage construction activity, the results have not yet been satisfactory. Instead of a seasonal rise in housing construction through the past spring and summer, there was an early downturn. This was one of the principal reasons why general business failed to forge ahead during the latter part of the year.

We must recognize clearly that housing will not be built if costs are too high in relation to the consumer's income. The fact that housing costs rose sharply—far too sharply—between September of 1936 and March of 1937 was primarily responsible for the downturn in housing and thus in recovery generally this year.

Revival of housing construction must be based on reduction of the costs of building and the payment for buildings rather

than on a resumption of the rising costs that stopped progress in this essential field last spring and summer. Housing must be produced at prices, rates, and rents that the mass of our people can afford to pay.

The Government has made provision, through assistance to municipal housing, for many of the most needy. But private enterprise and private capital must bear the burden of providing the great bulk of new housing. The measures I now suggest are to encourage private building to meet the needs of families of moderate means. These proposals cannot be effective, however, unless all elements concerned in the construction industry—builders, contractors, manufacturers of materials and equipment, labor, and finance—cooperate in producing housing that is within reach of the incomes of the vast majority of our citizens.

If the building industry is to play the vital part that it ought to have in our economic system, it must do it in the characteristic American way. It must develop, as other great industries have developed, the American genius for efficient and economical large-scale production. The lower unit costs resulting from large-scale production will make for greater annual returns for the entire building industry, including all workers engaged in that industry, and for a higher standard of living for the country as a whole.

The problem of reducing costs to a point where larger volume, longer employment, and higher annual earnings are possible is one that must be solved in major part by the building industry itself. The Government, however, can take the initiative by bringing about a reduction of financing costs, by making it easier for families of moderate means to buy or rent new houses, and by providing mechanisms to make it practicable for private enterprise to engage in large-scale housing operations for the mass market.

In order, therefore, that Government may give the fullest encouragement to a broad revival of building, I recommend that the Congress adopt at this time measures to facilitate the financing of every type of housing construction, whether for sale or for rent, and ranging from the small house to entire residential communities and large low-rent apartment buildings. In addition to measures to stimulate new construction, I recommend that provision be made for an extensive program of repairs and modernization.

As a practicable means of encouraging and facilitating a more effective operation of private enterprise and private capital in the housing field, I am suggesting enlargement of the framework of the National Housing Act in the light of actual experience. This legislation, enacted by the Congress in 1934, provided a new financial mechanism applicable to all types of lending institutions that make loans for housing purposes. Enabling legislation giving effect to this new mechanism was subsequently enacted by all the States. Within the limits of the types of housing to which it applies, it has proved to be both popular and practical.

Under the National Housing Act the Congress established the Federal Housing Administration, which insures mortgages on certain types of housing, but itself makes no loans. The agency is designed to become self-sustaining through the operation of a mortgage insurance fund, into which premiums are paid by borrowers who obtain loans under the provisions of the act from private lending institutions. An ultimate guaranty of loans that may default is given by the Federal Government, but this guaranty becomes operative only in the event that recoveries from the sale of defaulted properties, together with all the moneys in the insurance fund, should be insufficient to pay the insured claims. Hence, even if any cost should result to the Government because of this guaranty, it would be negligible when measured by the volume of construction and employment induced by the fact that the guaranty is there should it ever have to be availed of.

The benefits of financing under the National Housing Act apply to two main classes of transactions—namely, those in which a single house becomes security for a loan and those in which a limited-dividend company obtains a loan in order to

develop a rental housing project. The amendments which I am suggesting are of three kinds: (1) To effect further reductions in financing costs; (2) to extend the insurance of mortgages to types of housing operations not now adequately provided for in the act; (3) to make the funds of institutional and individual investors more easily available for the financing of large-scale operations.

Because it takes the average buyer of a house or investor in housing a long time to pay for the property, the cost of financing is in the long run one of the largest items in housing costs. In the case of rental housing it is a determining factor, first in whether construction shall be undertaken at all, and second, in arriving at the scale of rentals to be charged.

Institutions making loans to be insured by the Federal Housing Administration are now permitted by regulation to make an interest charge up to 5 percent and a service charge of one-half of 1 percent, or a total of 5½ percent per annum. It is proposed to reduce this to 5 percent net by amending the administrative regulations.

As a means of further reducing the cost to the borrower, however, I would ask the Congress to authorize the Federal Housing Administrator to fix the mortgage insurance premium as low as one-half of 1 percent on the diminishing balance of an insured mortgage instead of on the original face amount as now required by the act. Further, as a means of giving special encouragement to the construction of small, moderately priced houses, I would ask the Congress to authorize the Federal Housing Administrator to fix the mortgage-insurance premium as low as one-fourth of 1 percent on the diminishing balance of an insured mortgage in cases where the estimated value of the property to be built does not exceed \$6,000 and where the mortgage is insured prior to July 1, 1939.

Another change that I would ask the Congress to make in the existing legislation is to raise the insurable limit from 80 percent of the appraised value of the property, as at present, to 90 percent in the case of loans to owner-occupants where the appraised value of the property does not exceed \$6,000. This proposal is of great importance. It recognizes the fact that most persons who desire to own homes of their own cannot make a first payment as large as 20 percent of the purchase price. This is particularly true after the severe depression of recent years, in which the savings of millions of prudent and thrifty families were depleted.

The fact is not generally recognized that the majority of our urban families are not home owners. In the larger cities, the proportion of rented dwellings runs from 60 to nearly 80 percent of the total. Accordingly, I am suggesting for your consideration measures designed especially to facilitate the construction and financing, under the economies of a blanket mortgage, of groups of houses for rent, or for rent with an option to purchase. Such operations would afford economies in construction as well as in financing, and would therefore, I believe, lead to the formation of substantial companies to avail themselves of the opportunities in this particular field. These same measures are also designed to encourage the construction of apartment buildings to be operated on a moderate scale of rentals, with the mortgage in any case not to exceed \$1,000 per room. This is a type of apartment property particularly adapted to the requirements of our smaller cities.

In the construction of large-scale rental properties, a small but creditable beginning has already been made under the existing provisions of the National Housing Act applicable to limited-dividend companies. Those provisions, however, need to be clarified and simplified in order to encourage a more extensive development of large rental projects in the larger communities where they are needed.

Among the most important of the measures to which I would invite your consideration are those designed to facilitate the financing of these large projects. Here there is a great gap in our financial mechanisms. The large projects thus far constructed under the provisions of the National

Housing Act have been closely regulated as to rents, charges, capital structure, rate of return, and so forth, and the excesses and abuses which widely characterized the financing of apartment properties in the 1920's have thereby been avoided. The very size of the loans in the case of these large projects, however, makes it difficult to finance them by means of a single mortgage.

I would therefore urge the Congress to liberalize the provisions of the act under which the chartering of National Mortgage Associations is authorized, and, among other things, to give these associations explicit authority to make loans on large-scale properties that are subject to special regulation by the Federal Housing Administrator. The effect of the change here proposed would be to enable these properties to be financed by National Mortgage Associations through the sale of housing bonds or debentures amply secured by the insured mortgages on the properties.

In order that one or more such associations may be promptly organized, I shall ask the Reconstruction Finance Corporation to make available, out of the funds already allocated to the RFC Mortgage Co., \$50,000,000 for capital purposes. Under the amendments proposed, this would provide the basis for \$1,000,000,000 of private funds obtainable through the sale of National Mortgage Association debentures.

Another of the suggested amendments that I regard as of special importance would make the limitation of \$2,000,000 on the amount of mortgages insurable under the National Housing Act apply to the amount of insurance to be outstanding at any time and would remove the limitation of July 1, 1939, now applicable to the ultimate guaranty of the Federal Government. These changes would immeasurably encourage private financing under the act without increasing the amount of the contingent guaranty provided in the existing legislation. In connection with these changes, I would suggest that the Congress eventually limit the insurance of mortgages to housing on which the application for mortgage insurance is approved prior to the beginning of construction.

Finally, I am suggesting that insurance be provided for repair and modernization loans in a manner similar to that which was formerly provided under title I of the National Housing Act. This former provision expired by limitation on April 1 of the present year.

Considered in relation to existing provisions of the National Housing Act, the Federal Reserve Act, the Federal Home Loan Bank Act, and extensive enabling legislation that has been enacted by the several States, the adoption of these measures would for the first time provide all the financial mechanisms essential to a widespread and sustained revival of housing construction. The terms of financing would be the most favorable ever made generally available in this country for housing purposes—half, or less than half, the cost of loans of comparable proportions under the system of first, second, and third mortgage financing that was widely prevalent in the 1920's. Large and continuous activity and employment in housing construction, which is not feasible under our present limited methods of financing, would be put decisively on a practicable basis.

The success of such a program as this, however, cannot be assured by governmental action alone. It will depend mainly on the willingness of industry and labor to cooperate in producing housing at costs that are within the reach of the mass of our people. The goal at which both industry and labor should aim is sustained large-scale production at lower costs to the consumer. This will mean a larger annual wage for labor because of the larger amount of employment than is possible at high hourly rates with long periods of unemployment. It will mean a larger annual income for industry because of the larger volume of production than is possible at high unit prices with greatly restricted output.

Because this was not the goal of industry and labor during the past construction year, the result soon proved injurious, not only to the building industry and its workers but to business and employment generally. The sharp rise

of wage rates and prices in this industry, just before the last building season, reduced by 100,000 to 150,000 the number of new dwelling units that competent authorities had estimated were in prospect for 1937.

It is now clear that we cannot have a strong revival of housing construction on the terms that were exacted by industry and labor last spring. The rise in hourly wage rates and in material prices was too rapid and too great for the consumer to bear. A similar rise in costs likewise checked production and buying in other industries as well. In emphasizing these facts I am not seeking to apportion blame, for manifestly no industrial or labor groups would deliberately adopt a policy that would react to their own disadvantage. I am simply pointing out what did occur and what the consequences were.

In the budget of the great mass of our families the point is quickly reached where increased costs mean reduced consumption. Reduced consumption, in turn, means a decline in someone's business and someone's employment. The essential problem of the construction industry and its workers, then, is to find a reasonable way, through continuity of production and employment, to adjust the costs of housing to the consumer's means.

To help attain this end it is my intention to initiate a series of conferences with representatives of industry, labor, and finance, with a view to giving housing construction a fresh start in the coming building year and averting a recurrence of the conditions that brought about the reverses of the present year. If these groups will cooperate in this effort, as I believe they will, the result cannot but work to the advantage of our whole national economy.

Comparatively simple changes in and additions to existing laws will make this start possible.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

Mr. WAGNER. Mr. President, I ask consent to introduce a bill which in effect carries out the recommendations contained in the President's message.

The VICE PRESIDENT. Without objection, the bill will be received and appropriately referred.

The bill (S. 3055) to amend the National Housing Act, and for other purposes, was read twice by its title and referred to the Committee on Banking and Currency.

REPORT OF CIVIL SERVICE COMMISSION

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read and referred to the Committee on Civil Service, as follows:

To the Congress of the United States:

As required by the act of Congress to regulate and improve the civil service of the United States approved January 16, 1883, I transmit herewith the Fifty-fourth Annual Report of the Civil Service Commission for the fiscal year ended June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

[NOTE.—Report accompanied similar message to the House of Representatives.]

MEMORIALS AND ENTOMBMENT OF BODIES IN ARLINGTON MEMORIAL AMPHITHEATER

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, referred to the Committee on Military Affairs, as follows:

To the Congress of the United States:

In compliance with the requirements of the act of Congress of March 4, 1921, I transmit herewith the annual report of the Commission on the Erection of Memorials and Entombment of Bodies in the Arlington Memorial Amphitheater for the fiscal year ended June 30, 1937.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 27, 1937.

COSTS, ETC., INDIAN IRRIGATION PROJECTS

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting, pursuant to law, a statement of costs, cancelations, and miscellaneous irrigation data of Indian irrigation projects for the fiscal year ended June 30, 1937, which, with the accompanying statement, was referred to the Committee on Indian Affairs.

SURPLUS BUFFALO AND ELK, WIND CAVE NATIONAL PARK

The VICE PRESIDENT laid before the Senate a letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to dispose of surplus buffalo and elk of the Wind Cave National Park herd in South Dakota, and for other purposes, which, with the accompanying paper, was referred to the Committee on Public Lands and Surveys.

REPORT OF COMMISSION ON LICENSURE, HEALING ARTS PRACTICE ACT, DISTRICT OF COLUMBIA

The VICE PRESIDENT laid before the Senate the annual report of the Commission on Licensure, Healing Arts Practice Act, District of Columbia, for the fiscal year ended June 30, 1937, which was referred to the Committee on the District of Columbia.

AMENDMENT OF FEDERAL CREDIT UNION ACT

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 2675) to amend certain sections of the Federal Credit Union Act approved June 26, 1934 (Public, No. 467, 73d Cong.), which was, on page 4, after line 6, to insert:

SEC. 5. Provision by an employer of facilities for the operations of a Federal Credit Union on the premises of such employer shall not be deemed to be intimidation, coercion, interference, restraint, or discrimination within the provisions of sections 7 and 8 of the National Labor Relations Act, approved July 5, 1935, or acts amendatory thereof.

Mr. SHEPPARD. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by Locals Nos. 2 and 22 of the United Office and Professional Workers of America (C. I. O.), of Philadelphia, Pa., favoring the enactment of wage and hour legislation and protesting against the lay-off of workers in the Philadelphia area, which were ordered to lie on the table.

Mr. VANDENBERG presented a petition of sundry citizens of Detroit, Mich., endorsing the stand of the President in the present far eastern situation and praying for support of the administration's policy in the premises, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented a memorial of sundry citizens of Brooklyn and vicinity, in the State of New York, remonstrating against the enactment of any measure placing an increased tax or further impost on foods, which was referred to the Committee on Finance.

He also presented a resolution of the Master Brewers' Association of America, District of Western New York, protesting against any reduction in the duty on imported beer, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Chautauqua County Pomona Grange at Stockton, N. Y., protesting against the enactment of the so-called Black-Connelly wage and hour bill, which was ordered to lie on the table.

He also presented a resolution adopted by a convention of the Bronx County (N. Y.) Committee of the American Labor Party, favoring the enactment of the so-called Black-Connelly wage and hour bill, which was ordered to lie on the table.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 18th instant that committee presented to the President of the United States the enrolled joint resolution (S. J. Res. 222) granting the consent of Congress for the loan of certain portraits now located in the Capitol to the

United States Constitution Sesquicentennial Commission for exhibition in the Corcoran Art Gallery.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 3054) for the relief of Ollie Albert Mikulenska (with accompanying papers); to the Committee on Naval Affairs.

(Mr. WAGNER introduced Senate bill 3055, which was referred to the Committee on Banking and Currency and appears under a separate heading.)

By Mr. GEORGE:

A bill (S. 3056) for the relief of Dorothy Anne Walker; to the Committee on Claims.

By Mr. HAYDEN:

A bill (S. 3057) for the relief of John Fanning; to the Committee on Claims.

By Mr. McADOO:

A bill (S. 3058) granting a pension to Mildred Mabel Metts; to the Committee on Pensions.

A bill (S. 3059) to provide for the sale of public lands for home and other sites; to the Committee on Public Lands and Surveys.

A bill (S. 3060) to prohibit any corporation to own or hold more than 10 percent of the outstanding stock of any member bank of the Federal Reserve System and to regulate the establishment and operation of branches by national banks; to the Committee on Banking and Currency.

By Mr. WALSH:

A bill (S. 3061) for the relief of Vincent Andrew Donovan; to the Committee on Naval Affairs.

A bill (S. 3062) for the relief of Thomas H. Eckfeldt; to the Committee on Claims.

A bill (S. 3063) for the relief of Maria Bartolo; and

A bill (S. 3064) for the relief of George Henry Levins; to the Committee on Immigration.

By Mr. NEELY:

A bill (S. 3065) to amend the act entitled "An act for the relief of Harry Bryan and Alda Duffield Mullins and others"; to the Committee on Claims.

By Mr. BILBO:

A bill (S. 3066) to foster interstate commerce and encourage visitation of national military cemeteries by cooperating with the States in making certain interstate bridges toll free; to the Committee on Commerce.

By Mr. McADOO:

A bill (S. 3067) to amend the Tariff Act of 1930 and the tariff rates on eggs and egg products; to the Committee on Finance.

By Mr. CLARK:

A bill (S. 3068) confirming to Louis Labeaume, or his legal representatives, title to a certain tract of land located in St. Charles County, in the State of Missouri; to the Committee on Public Lands and Surveys.

By Mr. LODGE:

A joint resolution (S. J. Res. 228) to amend the Neutrality Act of 1935; to the Committee on Foreign Relations.

AGRICULTURAL RELIEF—AMENDMENTS

Mr. McNARY submitted an amendment and Mr. LEE submitted an amendment in the nature of a substitute, intended to be proposed by them, respectively, to the bill (S. 2787) providing for an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. BAILEY submitted 15 amendments intended to be proposed by him to Senate bill 2787, the agricultural relief bill, which were ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

Amend by adding at the bottom of page 30, after the word "act" in the last line of subparagraph (f), the following:

"Provided the amount of any allotment and the sum of any money paid out to any person shall be disclosed to any Member

of the Congress upon demand: *Provided further*, Money benefits or rentals of \$3,000 or more shall be reported to the Congress with the names of the payees. And the Secretary of Agriculture is hereby directed to report to the Congress all money benefits, parity payments, or rental allowances heretofore made under his administration of \$3,000 or more with the names and addresses of the respective payees and the amounts paid to each."

Amend by adding at the end of the first paragraph on page 36, in line 2, after the word "Secretary", the following:

"But no penalty whatever shall be imposed upon or collected directly or indirectly from any owner, share tenant, tenant renter, or sharecropper, who lives on the farm and depends upon the same for a livelihood if he complies with the soil-conservation policy hereunder and his annual production of cotton to his own use does not exceed 3,500 pounds."

Amend by adding at the end of the first paragraph on page 37, after the word "Secretary", in line 4, the following:

"Out of the said 3 percent reserve, allotments or quotas shall be allowed only to farmers producing cotton for the first time in 10 years who live on their farms and whose means of livelihood are derived solely from cultivating the land on which they live. Such allotments shall not be assignable."

Amend by adding on page 37 after subparagraph (f) and before section 32 a new subparagraph numbered (g), as follows:

"(g) In determining the allotment of any State, county, or of any cooperating farmer (person or corporation) due consideration shall be given to any complaint that the average production of such State, county, or farmer was diminished unfairly, by mistake or wrong in any prior year or years, and any cooperating farmer complaining hereunder to the local committee shall have the right of appeal to the county agent, and from the county agent to the State director. Upon finding that such average production was wrongfully or by mistake caused to be diminished, the average and allotment shall be adjusted accordingly. Any State complaining shall complain to the Department of Agriculture. Any county complaining shall complain to the State director or other officer administering this act for a State."

Amend by adding a new section after section 32, as follows:

"In making allotments hereunder the allotment or quota of any farmer who lives on the farm and derives his livelihood therefrom, who complies with the soil-conservation policy, and whose 10-year average is 12 acres or less, shall in no case be reduced by more than 5 percent; and if such farmer's 10-year average is 20 acres or less, his quota or allotment shall not be reduced by more than 10 percent."

Amend by adding a new subparagraph on page 45, to be properly numbered and inserted at the end of section 42, as follows:

"In making allotments hereunder with respect to bright tobacco the officers administering this act shall not reduce the quota of a farmer living on his farm and deriving his livelihood therefrom more than 10 percent of his 10-year average if such average is 15,000 pounds or less, and if his 10-year average is 10,000 pounds or less his quota shall not be reduced more than 5 percent, provided in either case such farmer shall comply with the soil-conservation policy."

Amend by adding on page 45 at the end of the first paragraph, after the words "production of tobacco", in line 9, the following:

"Allotments or quotas from the 3-percent reserve shall be made only to farmers cultivating tobacco for the first time in 10 years, who live on their farms and whose livelihoods are earned by farming the land on which they live. Such allotments shall not be assignable."

Amend by adding at the proper place a new section, as follows:

"Sec. — In all cases under this act in which the officers or committees administering the same may exercise discretion, superior consideration shall be given to farmers having smaller allotments, who live on their farms and who derive their livelihoods from farming. In the exercise of such discretion the number of children or dependents of such farmers shall also be given due consideration."

Amend by inserting at the proper place a new section, as follows:

"Sec. — In no case shall a committee find averages or make allotments for the members thereof; but such allotments shall be made by a special committee appointed by the county agent for the county in which they reside, with the approval of the director for the State, who shall review the averages and the allotments made to any member of a committee. Upon complaint in writing of five cooperating farmers for any district for which a committee makes allotments, the county agent shall appoint a hearing, take the evidence submitted and report the same to the State director for such action as he shall consider appropriate in the premises."

Amend by adding a new section at the proper place, as follows:

"Sec. — The willful employment of any privilege or the willful exercise of any power hereunder by any officer or any committee or member thereof by way of favoritism, personal advantage, or for any political purpose whatsoever is hereby constituted an offense against the United States of America and upon conviction any such offender in the district court of the United States for the district in which he resides, shall be guilty of a misdemeanor and punished by fine of not less than \$100 or imprisonment for 30 days or both. Such offender shall be removed from office."

Amend by adding at the proper place a new section, as follows:

"Sec. — The department of agriculture of any State, or the Governor of any State, or the county commissioners of any county or parish (or other governing body of any county or parish in which there are no county commissioners), or any cooperating farmer (person or corporation) may complain to the State director or other State representative of the United States Department of Agriculture that any average found or any allotment made hereunder is incorrect or unfair, or not in accord with the standards of this act, showing the facts upon which such complaint is founded. Whereupon the State director or other State representative as aforesaid shall appoint a day for public hearing, take the evidence submitted, cause such further investigation to be made as he deems proper, find the facts, and report the same to the Secretary of Agriculture with appropriate recommendations. Whereupon the Secretary of Agriculture shall finally determine the controversy, subject to the constitutional rights of citizens, States, and persons. All proceedings and evidence taken hereunder shall be public."

Amend by adding a new section at the proper place, as follows:

"Sec. — Any tenant farmer or sharecropper may complain to the local committee with respect to losing his relationship of tenant or cropper, or his means of livelihood, on account of arbitrary or discriminating action by a cooperating farmer not in accord with the purpose and intent of this act, or on account of not receiving his fair tenant's share of any allotment made or benefit provided, or of any alleged unfair division or financial or lending benefits hereunder. Whereupon such local committee shall take, after due notice to the person complained of and within 20 days, such remedial action as it deems appropriate, with the right of appeal on the part of any party to the matter to the county agent, and from him to the State director representing the United States Department of Agriculture. Any cooperating farmer who, upon demand, after final determination, shall refuse for 30 days to abide by and execute the recommendations finally made shall be at once deprived of his status of cooperating farmer hereunder."

Amend by inserting at the proper place:

"DECLARATION OF NATIONAL POLICY"

"It is hereby declared to be the national policy (1) to aid agriculture generally by legislation intended to maintain parity prices—as heretofore defined—for all products of the soil; (2) and in pursuance of such policy to encourage the improvement of the soil with the view to reducing the cost of production; (3) to encourage a balanced national and local agricultural production; (4) to provide for orderly marketing of crops by reasonable advances upon surpluses; (5) to encourage the reduction in the cost of manufacture and selling of farm products, consistently with reasonable wages, in order to reduce consumer resistance and encourage larger consumption and demand; (6) to prevent the competition of other peoples with farmers of our country in our domestic market; (7) to recover and preserve the foreign market for our agricultural exports; (8) and to give special consideration to farmers who live on their farms and derive their livelihood therefrom, and amongst such farmers to those farmers, tenants, and croppers whose annual production is relatively small—to the end that the national policy shall improve their lot instead of imposing burdens upon them calculated to deprive them of fair opportunity to live upon a fair standard upon the fruits of their industry."

Amend by adding a new section at the proper place, as follows:

"Sec. — If any producer of cotton shall have contracted with the Department of Agriculture (1) to sell not less than 30 percent of his cotton crop for export, (2) to comply with the stipulations of the Department as to soil conservation and the planting of non-soil-depleting crops, and (3) not to plant a larger acreage to cotton than his 10-year average (1927-1937), he may elect at his option to receive in lieu of all other rewards, except loans under title VII, a bounty of \$10 per bale of 500 pounds for that portion of his annual crop of cotton sold by him for export not exceeding, however, 40 percent of his production for any year and the penalty herein provided shall not be imposed upon such farmer save in respect to such cotton as he produces in any year in excess of said 10-year average. This section shall apply whenever the spot market price of middling cotton is 12 cents or less per pound."

"The Secretary of Agriculture shall prepare and publish appropriate rules and regulations to carry into effect the purpose and intent of this section."

Amend by striking out the words "2,400 pounds", on page 44, line 13, and inserting in lieu thereof the words "3,300 pounds"; and by adding after the word "years", in line 18, page 44, the following: "Provided, That no penalty shall be imposed upon the production by a farmer living on the farm whose principal means of livelihood is dependent upon such farm in any case in which his annual production does not exceed 3,300 pounds. Such farmer shall be entitled to all the benefits hereunder, provided he complies with reasonable regulations under the soil-conservation policy."

RELATIONSHIP OF FEDERAL GOVERNMENT TO EDUCATION—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. DUFFY asked and obtained leave to have printed in the RECORD a radio address delivered by Senator THOMAS of Utah relative to legislation affecting education, which appears in the Appendix.]

ARMISTICE DAY ADDRESS BY ASSISTANT SECRETARY OF WAR

[Mr. COPELAND asked and obtained leave to have printed in the RECORD an address delivered by Hon. Louis Johnson, Assistant Secretary of War, at the Armistice Day ceremonies at National Memorial Amphitheatre, Arlington National Cemetery, Va., on November 11, 1937, which appears in the Appendix.]

AGRICULTURAL RELIEF

[Mr. CLARK asked and obtained leave to have printed in the RECORD a letter addressed to him by the Pemiscot County Agricultural Conservation Committee relative to the pending agricultural relief bill, which appears in the Appendix.]

CROP CONTROL FAVORED BY TOBACCO MEN—ARTICLE FROM HARTFORD COURANT

[Mr. LONERGAN asked and obtained leave to have printed in the RECORD an article from a recent issue of the Hartford (Conn.) Courant headed "Crop Control Favored by Tobacco Men," which appears in the Appendix.]

AGRICULTURAL RELIEF

The Senate resumed consideration of the bill (S. 2787) to provide an adequate and balanced flow of the major agricultural commodities in interstate and foreign commerce, and for other purposes.

The VICE PRESIDENT. When the Senate took a recess last Friday, the Senator from Alabama [Mr. BANKHEAD] had the floor. The Chair recognizes the Senator from Alabama.

Mr. BARKLEY. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield to the Senator from Kentucky.

Mr. BARKLEY. On Saturday I received from the President a letter pertaining to the farm bill now under consideration. Before the Senator from Alabama begins his remarks, I should like to have the letter read from the desk.

Mr. BANKHEAD. How long is the letter?

Mr. BARKLEY. A couple of pages.

Mr. BANKHEAD. In yielding I desire to have it understood that I shall yield hereafter merely for the introduction of bills and resolutions. I hope Senators will not delay the program.

Mr. BARKLEY. I have no desire to delay the Senator, but, inasmuch as the letter bears on the subject we are considering, I thought it ought to be read before the Senator starts to speak, so as not to interrupt him after he begins.

Mr. BANKHEAD. I have yielded. Go ahead. I was speaking for the benefit of others who may come after the Senator.

The VICE PRESIDENT. Without objection, the letter will be read.

The Chief Clerk read as follows:

THE WHITE HOUSE,
Washington.

HON. ALBEN W. BARKLEY,
United States Senate.

MY DEAR SENATOR: In the discussion of the proposed farm bill now pending before the Senate I notice by the RECORD that you asked the following question of Senator SMITH:

"* * * It has been generally asserted that the amount available under the Soil Conservation Act was \$500,000,000, subject to a possible contingent additional sum of \$125,000,000, making \$625,000,000. Is that practically an accurate statement of the present financial situation?"

Senator SMITH replied that your statement of the financial situation is correct.

In this connection I should like to call your attention to the fact that while the amount of \$625,000,000 has been appropriated for agricultural programs not all of this sum has been provided for in the present tax structure. You will recall that in my message of March 3, 1936, I recommended additional permanent taxes of \$620,000,000, of which \$500,000,000 represented a substitution for processing taxes lost as a result of the Supreme Court decision and \$120,000,000 was to provide funds for the payment of the veterans' adjusted service bonds. This recommendation resulted in the enactment of the Revenue Act of 1936, which provided the additional revenue requested. The \$500,000,000 thus provided for agricultural programs is the only amount now in the tax structure for these purposes.

I assume that the contingent additional sum of \$125,000,000 referred to by you is the permanent indefinite appropriation of an amount equal to 30 percent of the gross receipts from customs duties collected during the preceding calendar year for the purpose of encouraging exportation and domestic consumption of agricultural commodities by section 32 of the act of August 24, 1935, amending the Agricultural Adjustment Act. It should be apparent that this appropriation has added a burden of expenditure to the Budget without any provision for additional revenues to meet it.

There is, of course, included in the tax base an amount for the normal operating activities of the Department of Agriculture prior to the emergency, which amounted to about \$70,000,000 a year, and are separate from the agricultural programs adopted within the past 4 years. These operating activities, however, have been greatly expanded within recent years without any increase in the revenues to meet the expenditures caused by such expansion. For example, the Soil Conservation Service was added 2 years ago and now expends more than \$25,000,000 a year to control soil erosion; and the Farm Tenancy Act authorizes an appropriation of \$20,000,000 for the current fiscal year, \$45,000,000 for the next fiscal year, and \$70,000,000 annually thereafter.

It is obvious that a constant increase of expenditures without an equally constant increase in revenue can only result in a continuation of deficits. We cannot hope to continue on a sound basis of financial management of Government affairs unless the regular annual expenditures are brought within the revenues. I feel that every effort should be made to keep the new farm program within the present limit of \$500,000,000 per annum. If this is not possible, I then urge that steps be taken to provide the necessary increase in revenue to meet any expenditures under the new farm program in excess of this sum.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. With the statement I made just now, I yield. The Senator understands my position.

Mr. McNARY. I do not recall the statement.

Mr. BANKHEAD. I stated that I desired to go forward with my discussion without having any interruptions. If the Senator wishes to present something, I will yield. Otherwise, if the Senator desires to make a statement, I do not yield at this time.

Mr. McNARY. Mr. President, it is usual for one who asks a Senator to yield to state his purpose. I only ask the Senator to yield at this time that I may ask unanimous consent to present for subsequent consideration of the Senate an amendment at the request of the National Cooperative Milk Producers' Association of America.

Mr. BANKHEAD. I am glad to yield for that purpose.

Mr. McNARY. I ask also that the clerk read the proposed amendment at this time. It is not long.

The VICE PRESIDENT. The clerk will state the amendment.

The LEGISLATIVE CLERK. It is proposed to amend section 64 by adding a new subdivision at the end thereof, as follows:

(k) Payments with respect to any farm (except for lands which the Secretary determines should not be utilized for the harvesting of crops but should be permanently used for grazing purposes only) shall be further conditioned upon the utilization of the land, with respect to which such payment is made, so that soil building and soil-conserving crops planted or produced on lands normally used for the production of cotton, wheat, rice, tobacco, or field corn shall be used for the purpose of building and conserving the fertility of the soil, or for the production of agricultural commodities to be consumed on the farm, and not for market. As used in this subsection the term "for market" means for disposition by sale, barter, exchange or gift, or by feeding (in any form) to poultry or livestock which, or the products of which, are to be sold, bartered, exchanged, or given away; and such term shall not include consumption on the farm. An agricultural commodity shall be deemed consumed on the farm if consumed by the farmer's family, employees, or household, or by his work stock; or if fed to poultry or livestock on his farm and such poultry or livestock, or the products thereof, are to be consumed by his family, employees, or household.

Mr. McNARY. I thank the Senator for his courtesy. May I ask whether the Senator desires to conclude his statement before questions are propounded?

Mr. BANKHEAD. I should much prefer that that course be followed, and I think it will conserve time. Then I shall be glad to submit to any questions.

Mr. McNARY. I shall conform to the pleasure of the Senator.

Mr. BORAH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield, with the same understanding.

Mr. BORAH. I have a letter from Mr. Daniel Bond, of Vernon, Tex., on the feature of the bill which deals with cotton. It seems to me a dispassionate and a most intelligent discussion of the subject, and I ask to have it inserted in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VERNON, TEX., November 19, 1937.

HON. WILLIAM E. BORAH,
Senate Office Building, Washington, D. C.

DEAR SENATOR BORAH: As the owner of a farm and a producer of cotton, I am vitally interested in the question of farm legislation and submit the following for your earnest consideration:

The administration wants Government acreage control and plans for 27,000,000 cotton acres next season. Based on the average yield per acre for the past 10 seasons (including this season) this would give an indicated yield next season of ten and three-quarters million bales. The theory of this restricted acreage is that it would enable the producer to get possibly 12 cents for his next season's production and permit the Government to dispose of what it will be carrying in cotton loans.

This would be a very pleasant prospect if it were the end of the story, but unfortunately it is not. There were one and three-quarters million bales carried over at the end of last season in the Government 12-cent loan. Based on an estimated consumption this season of twelve and one-quarter million bales, there will be an additional carry-over of 6,000,000 bales, or a total of seven and three-quarters million bales for the Government to reckon with at the end of this season. Based on a twelve-and-one-quarter-million-bale consumption again next season, the Government would still have six and one-quarter million bales on its hands on July 31, 1939, and at this rate it would be the end of July 1943 before the final disposal of Government accumulations.

What this plan will cost during the interim is impossible to say. Under the soil-conservation plan the farmer was allowed 5 cents per pound on 35 percent of his base production voided to cotton this spring and will be allowed 3 cents per pound on the remaining 65 percent of his base production this season, provided he agrees to follow the Government farm program next season. It therefore seems safe to assume that the money cost would approximate \$200,000,000 per annum, or a total of \$1,000,000,000 by the end of July 1943. The administration proposes to raise this vast sum through processing taxes, which have already proven uneconomic and disastrous to the American textile industry. Previous processing taxes have been declared unconstitutional, and the form of processing taxes now proposed is a mere subterfuge, designed to evade the decision of the Supreme Court of the United States.

This is only a small part of the cost, for this plan means that during the next 5 years there will be thrown out of employment one-third of all of the cotton tenant farmers and labor normally engaged in making, gathering, ginning, compressing, warehousing, transporting, and merchandising the cotton crop.

This outlook in itself is appalling enough, but let us look four steps backward and then five steps forward. After 4 years of Government experiments in the shape of "plow-up"; producers' pool; 10-cent loan; 12-cent loan; and now 9-cent loan; all coupled with acreage restrictions and all designed to hold up the price of American cotton in the face of foreign competition, we are now confronted with the following shocking figures:

In 1933 the total of foreign growths was 13,400,000 bales.

In 1936 the total of foreign growths was 18,400,000 bales.

In 1937 the total of foreign growths was 20,000,000 bales (estimated.)

These figures show unmistakably that, in addition to the money cost and the enormous unemployment created by these past experiments, the administration has been holding an umbrella over foreign competitors of American cotton farmers to the extent that foreign competitors have been encouraged and enabled in the short period of 5 years to increase their annual production by more than six and one-half million bales, and to a like extent the foreign markets of our cotton farmers have been handed over to their competitors on a silver platter. What will be the picture after 5 more years of similar experiments?

I do not believe the cotton farmer wants charity but do believe he is entitled to a proper offset to the fact that he must sell the fruits of his labor at world prices and is forced to buy everything he needs at prices which are dominated by organized labor and a high protective tariff.

It is my conviction that if the administration would eliminate further theories and experiments and simply provide the cotton farmer a fair subsidy on 12,000,000 bales per annum, he could be depended upon to work out his own acreage problems, adjust his

exportable surplus to world conditions and his own economic needs, and at the same time retain his proper position in foreign markets. If given a fair break with labor and the tariff here at home, I believe he could meet the challenge of cheap foreign labor in the production of cotton through the offsetting advantages he enjoys in soil, climate, intelligence, experience, seed selection, modern farm implements, and ginning, compressing, warehousing, transportation, and marketing facilities.

In the light of the foregoing I am led to the regretful conclusion that the administration's plan for acreage control means disaster to the agricultural, textile, and industrial interests of the South.

Respectfully yours,

DANIEL BOND.

Mr. BANKHEAD. Mr. President, I repeat the statement I made in answer to the question of the Senator from Oregon. While I have no prepared address, I should prefer not to be interrupted until I finish my general remarks.

The VICE PRESIDENT. The Senator from Alabama does not desire to be interrupted until he completes his statement.

Mr. BANKHEAD. Then I shall be glad to yield to any question any Member of the Senate may desire to submit.

When I first came to the Senate, in December 1931, I introduced a bill along the lines contained in the cotton title of the pending bill. That bill was predicated on the power given Congress in the commerce clause of the Constitution. In December of the next year, 1932, I addressed the Senate twice on the bill, first on December 7, 1932, on the philosophy of the bill and the reasons why it should be passed, and on December 20, 1932, I addressed the Senate at length, at which time considerable discussion took place on the floor regarding the constitutionality of the bill. Any Senators who may be interested in my views upon the constitutional phase of the proposed legislation I respectfully refer to that speech in the CONGRESSIONAL RECORD.

I shall not at this time devote much discussion to the constitutional questions concerning the power of Congress under the commerce clause to regulate, to restrain, and to prohibit the flow of any commodities of agriculture which the Congress may conclude would tend to break down, to destroy, or to affect unduly or burden the flow of interstate or foreign commerce. After referring to the speech I made in 1932, which appears in the CONGRESSIONAL RECORD, I content myself by reading a few fundamental principles which are involved in this program, and the extracts I shall read will be from decisions of the Supreme Court of the United States.

Of course, we are all familiar with the language of the commerce clause of the Constitution, but for ready reference I read it at this time:

The Congress shall have power to regulate commerce with foreign nations, and among the several States, and with the Indian tribes.

Referring to that clause in the Constitution we find that the Supreme Court has made the following declarations, among others:

The power to regulate commerce, like all others vested in Congress, is complete in itself, may be exercised to the utmost extent, and acknowledges no limitations other than are prescribed in the Constitution. If, as has always been understood, the sovereignty of Congress, though limited to specified objects, is plenary as to those objects, the power over commerce with foreign nations and among the several States is vested in Congress as absolutely as it would be in a single government having in its constitution the same restrictions on the exercise of the power as are found in the Constitution of the United States.

The quotation I have just read is from the case of *Gibbons v. Ogden* (9 Wheat. 197, 6 Law Ed. 23), a decision of the Supreme Court of the United States.

In other words, by that declaration the Court states that the power is unlimited, it is as broad as is the power of a single State to deal with a subject over which the State has jurisdiction.

The power to regulate commerce among the several States was granted to Congress in terms as absolute as is the power to regulate commerce with foreign nations.

This was the statement of the Supreme Court in the case of *Pittsburgh Coal Co. v. Bates* (156 U. S. 587), with a long list of cases cited in support of it.

I hope Members of the Senate will realize the scope of that declaration, that there is no distinction in the language in the commerce clause in the Constitution between the power to deal with commerce among the several States and the power to deal with commerce with foreign nations. One is as broad and as unlimited and as unrestrained as the other.

Subject to the limitations imposed by the Constitution, the power of Congress over interstate and international commerce is as full and complete as is the power of any State over its domestic commerce.

Northern Securities Co. v. United States (193 U. S. 342).

Every subject falling within the legitimate sphere of commercial regulation may be partially or wholly excluded when either measure shall be demanded by the safety or by other important interests of the entire Nation. Such exclusion cannot be limited to particular classes or descriptions of commercial subjects; it may embrace manufactures, bullion, coin, or any other thing. The power, once conceded, may operate on any and every subject of commerce to which the legislative discretion may apply it.

United States v. Marigold (N. Y. 1850; 9 How. 566, 13 L. Ed. 257).

The power to regulate commerce is the power to prescribe the rules by which commerce is to be governed.

Gibbons against Ogden, previously cited.

The means necessary or convenient to the exercise of the power of Congress over interstate commerce may have the quality of police regulations.

Hoke v. United States (227 U. S. 308).

The Supreme Court has held that Congress may exercise the police power for the benefit of the public within the field of interstate commerce.

Brooks v. United States (267 U. S. 432-436).

Mr. President, those are general principles upon which I have taken a position for the last 6 years. The Congress undoubtedly has the power under the commerce clause to do what we are proposing to do here in connection with the farm program, and especially with reference to cotton. I am speaking, as I stated before, primarily of cotton. In the committee we have arranged for other Members to deal in this bill with specific subjects with which they are most familiar. I think no one will question the importance of cotton, not only to our interstate commerce but also to our foreign commerce. Provisions are contained in the cotton section of the bill which the able Senator from Vermont [Mr. AUSTIN] stated the other day clearly would bring this legislation under the power given in the commerce clause.

Let me point out, in the first place, so far as foreign commerce is concerned, that since the time the ports of this country were opened as our own ports in 1791, the total balance of trade in favor of the United States has amounted to \$37,360,700,000. What part has cotton, raw and manufactured cotton, played in that result? The exports of raw cotton have amounted to \$31,138,496,000, and cotton manufactures to \$3,876,000,000, making a total of \$35,015,000,000. In other words, cotton, raw and manufactured, is responsible for all our balance of trade since the foundation of our Government except \$2,345,000,000; and but for the movement of cotton in foreign commerce this country, as the result of 150 years of trading with the foreign nations of the world, would have increased its assets by the amount of only \$2,345,000,000 if we had not had cotton to play its part in foreign commerce.

Looking at the matter from the standpoint of domestic commerce between the States, cotton plays a direct part in the movement of goods manufactured from the raw cotton into every State and every county and every little city and village of the United States. Cotton clothes are the clothes of the masses of the people. Therefore cotton moves from the cotton fields of the South through the cotton mills and goes into every community in the United States, thereby adding to the domestic commerce, adding to the transportation, and adding to the labor employed in all the cotton mills in this country. Cotton adds to the welfare and the

comfort of millions of our people by furnishing for them cheap clothing in the form of cotton goods.

Mr. President, from another standpoint cotton, of necessity, directly affects commerce between the States. There is a vast area of our country stretching from southern Virginia across the lower part of the United States and reaching high up into Missouri, to some extent into Illinois, and moving on to the Pacific coast in California; and in a vast part of that area cotton and its manufactured products are the only things that carry money into those areas, with very slight and limited exceptions.

Every day remittances move out of the Cotton Belt into the industrial and financial centers of this country. One can go into the largest department store in the Cotton Belt, and search from the cellar to the roof, and find there but few articles manufactured within the Cotton Belt. The articles for sale in the store have been manufactured in the industrial areas of the country, and go to the merchants in the Cotton Belt. As an illustration of the extent that condition prevails, I shall speak of the Tennessee Coal, Iron & Railroad Co., a subsidiary of the United States Steel Corporation, at Birmingham, which, I think, is without question the largest industrial plant in all the South, producing steel rails and fabricated steel.

Two or three years ago, when I was preparing to address a club in Birmingham, I asked the president of that corporation what percentage of the steel output from that great industrial plant, consisting not only of the manufacturing units but ore mines, coal mines, and limestone developments, was sold outside the Cotton Belt and thereby brought money into the South. To my amazement, he told me that they sold only 15 percent of their entire output outside the Cotton Belt and relied upon consumers in the Cotton Belt, including, of course, railroads located in the South, which are supported by the people of the South, to buy and pay for 85 percent of those heavy durable goods that are manufactured there.

So, Mr. President, a steady stream of money flows out of that section every day to pay not only for the manufactured goods of every kind that our people consume but to pay interest and dividends upon the securities of transportation companies operating there, upon the securities of utility companies operating there, which are owned almost entirely outside the Cotton Belt, in the industrial centers of this country. Money flows out of the Cotton Belt to pay mortgages upon town homes and upon farm homes. That mortgage money, even that of the Federal land banks, is secured in main part by sale of bonds in the financial centers of this country. So that from every conceivable business standpoint cotton directly affects interstate commerce in this country.

Unfortunately, with this great, steady stream of money going out of the South, and what is coming in being largely from cotton, the balance of trade, when we are buying in a protected market and selling in a free market, has been year after year against the cotton producers.

As a result, the difference in the balance of trade from time to time has taken the form of mortgage indebtedness. When we have a break-down in the return flow of money for cotton what happens in that great area of country? With my own eyes I have witnessed the effect. When I was traveling through Alabama in 1931 and 1932, trying to give some word of comfort and cheer to our distressed and financially ruined people, I went into store after store, and found them practically depleted, with scarcely anything upon their shelves; and in the cities on some stores that had been active in a business way before that time there were "For Rent" signs. They were closed down; there was no purchasing power; no money was coming into that area; but still money was demanded of it, and, of necessity, was being sent out. Everywhere home-loan mortgages were being foreclosed not only in the towns but in the rural districts. Still some people seem to have the idea that despite such direct

and widespread effect upon the commerce of that great section, the Congress has not the power to do what we are seeking to have done here.

Consider, Mr. President, the increase in the carloads moving out of the industrial centers of the country into the Cotton Belt when the cotton farmers receive a decent price for their cotton. Consider the difference between the volume of high-class freight of all kinds which moves from the North and the East and other sections that have been supplying the Southern States with their goods. Consider the difference between those shipments in interstate commerce between 1931 and 1932, when cotton was selling at a price around 5 cents a pound, and in 1934 and 1935 and 1936 when the price got up as high as 12 cents a pound.

So I say, Mr. President, there is not only an absolute, imperative reason that for the welfare of the people of that great section they should have a reasonable price for their cotton product, but there is the impelling reason that, in order to assure their operation, the industries of other sections should have a market; that the people throughout the country, outside the Cotton Belt, should have adequate buying power.

Mr. President, that brings us to the question that I have been primarily interested in since my first bill was introduced here in 1931. I have not at any time sought any program for the purpose of having an artificial fixation of the price of cotton except in the days of the direst need and emergency. I have from the beginning had but one objective under this program, and I state it because that objective underlies the cotton section of the pending bill. I have believed from the beginning—and I still strongly believe—that there is but one way to deal with the subject of cotton without very large subsidies being paid, and that is to go to the age-old trade law of supply and demand. If we can make provision for the farmers whereby that law can operate year in and year out so that they can adjust the supply of their cotton year by year to fit the effective buying demand of the market throughout the world for American cotton, then cotton will take its proper place in the world's price structure.

Let us briefly consider that point. We know the effect of the fluctuating size of our cotton crops. Let me lay down a rule, which is not original with me, for it was worked out by the Bureau of Economics of the Department of Agriculture long years ago. It is not a New Deal rule upon which someone not in sympathy with the New Deal may try to throw a cloud, but is a rule of economics made without political consideration or influence. That rule is that a change of 1,000,000 bales in the carry-over of cotton—not in the production, because it is necessary to consider the consumption—at the end of the marketing year results in a change in the price of cotton of approximately 1 cent a pound up or down. The Department some years ago issued a chart—I have not it before me—showing year by year the carry-over of cotton and showing the price. One was represented by a blue line and the other by a red line, and as the supply of cotton went up the price went correspondingly down, and vice versa.

Let me illustrate that by current conditions. Last year we had a carry-over of 6,000,000 bales of cotton. We were getting down to a reasonable and proper application of the law of supply to fit the demand. The average price paid to the farmers was nearly 12½ cents a pound. There were at that time no cotton loans; there was no effort of any sort at price fixation or price pegging. The entire crop moved in the channels of commerce, both domestic and foreign, as it had always done. The price for that supply took its place, as I said, at around 12½ cents a pound farm value. Then what happened? This year we have a crop of 18,000,000 bales and a 6,000,000-bale carry-over, providing a supply of 24,000,000 bales of cotton. We had last year a consumption—we may not have so great a consumption this year—of 13,000,000 bales, both domestic and export. Deducting a 13,000,000-bale consumption from a 24,000,000-bale supply leaves 11,000,000 bales on hand, representing the carry-over on the first of next

August, when the new crop will begin moving into the market. Add 5,000,000 bales to the present carry-over of 6,000,000 bales and there is found to be a carry-over of 11,000,000 bales. What effect did that have on the price? The price was around 12½ cents a pound; it is now around 7½ cents a pound, a reduction of 5 cents from last year's price, brought about by adding 5,000,000 bales to the carry-over. That is not a mere incident during a period of years, but is the ordinary result, interrupted, of course, now and then by unusual conditions, such as depression, or something of that sort. The year before we had a 7,000,000-bale carry-over and the price was 11 cents. We brought the carry-over down 1,000,000 bales, to 6,000,000 bales, and the price went up above 12 cents. There is the illustration again. We will find it throughout. The Bureau of Economics will tell you that that is their old rule. They abandoned it because the Congress passed a law prohibiting them from predicting prices of cotton, but they have not abandoned the view or the findings and conclusions they reached some years ago, that the price varies in that way with the carry-over.

So the carry-over largely fixes the price of cotton; it fluctuates with the carry-over, as it has always done. When the price becomes unreasonably low a small carry-over runs the price up, as it did after 3 years of invasion of the boll weevil from 1921 to 1923, when we got the carry-over down to about 2,000,000 bales. Then the price got to be very high. On the other hand, when the carry-over in 1932 went up to 13,000,000 bales, a year's supply, the price went down to 5 cents a pound, and much of the cotton sold below 5 cents a pound, the average being slightly above 5.

If we recognize that fact, is there anything wrong economically, morally, or under the Constitution, in approaching that subject from a business standpoint? I ask you, Mr. President, why is there any error in judgment, why is there any false statesmanship, where is there any improper diversion from legal principles, if the program qualified under the Constitution, in approaching this subject as the great business industries of this country did many years ago?

The steel corporations, the fertilizer corporations, or the farm-implement producers, regardless of our laws against monopoly, by reason of their small numbers, get together and agree in some way. Certainly the most incredulous would not insist that they do not, when year after year we find identical quotations on the prices of their products. What do they do? Do they continue to operate their plants at full capacity? When sales resistance has appeared, when the purchasing power of their consumers is diminished, do they continue to operate full hours and full days, producing the units of their respective industries and shipping them out into the markets to their agents and wholesalers and retailers for sale at any price they can get for those commodities? Oh, no, my friends. If business ever operated on that basis, it would have gone into bankruptcy many years ago.

On the contrary, business corporations do what we are pleading here today may be done by cotton producers. When they find difficulty in disposing of their output, industrial organizations close down in part either their plants or their operating time. They send into the market only the quantity for which there is a demand at their own prices above the cost of production. Does anyone expect that business practice ever to be abolished in America whether we have an anti-trust law or not, whether we have monopolies or not? No; because every businessman knows, if he is a wise businessman, that he cannot remain in business and continue the sale of his goods at whatever price he can get for them in the market. Still we find a group of theorists and high-class professors and economists and some politicians asserting that it is wrong so to view the struggling hewers of wood and drawers of water out in the fields of America producing the food and clothing for all our people, who say, "Oh, you are proposing to follow the doctrine of scarcity if you do that."

Let the steel corporation reduce its operations to 40 percent and close all its plants down to that extent, throwing their workmen into the streets and into the unemployed

ranks, and there is no criticism. On the other hand, there is commendation for following a wise business course. But the farmers, not adequately vocal, insufficiently organized to demand and get their rights, are treated by too many people with total indifference, with a total disregard of the results. The farmers are not given the same consideration, when we seek to apply the law of supply and demand to their business, even when they want it applied, that we are willing for business to apply to itself.

Mr. President, this is not a new principle to be considered by the Senate. In 1934 we had before us three bills along the line of the principles contained in the cotton provisions of the pending bill, the only difference being in the matter of individual farm allotment. We had a bill for cotton commonly known as the Bankhead Cotton Act, of which my brother and I were the authors. We had the Smith-Kerr Tobacco Act, of which the chairman of the Senate Committee on Agriculture and Forestry was a joint author and which he sponsored in the Senate. We had the Potato Control Act which was passed by both branches of Congress, but not put into operation. Accordingly, in the matter of direct effective control of the supply of agricultural commodities, we are not traveling a new road. Not only that, but we are traveling one which the farmers themselves want us to travel.

The demand for the original Cotton Act came from the cotton rows of the South. Congress passed it because Members of this body and Members of the House of Representatives found behind them an almost solid phalanx of cotton farmers insisting that some machinery be given them by which they themselves could control the supply of cotton.

I take it that the tobacco producers, as well as the potato producers, acted in the same way. I remember seeing on the other side of this Chamber, when the potato bill came before us for consideration, Senators intensely interested in its passage who had vigorously opposed the passage of the cotton bill on account of the principle of control contained in it. This shows that when the interests of one's own community are involved he is more inclined to disregard hair-splitting theories and technicalities and to go directly to the solution of the problem of giving relief to our people.

I may say at this point to the Senator from Michigan [Mr. VANDENBERG] that I was slightly in error about the number who had applied for cotton exemptions under the Bankhead Act. The contracts under the A. A. A. for 1934 were 1,400,515 and applications for allotments, instead of 2,300,000 as I stated from recollection, were 1,473,062. The number who voted was slightly more than these figures would indicate. The Department stated that these figures did not include all the units upon the farms, such as the farmer with two boys, who in such cases was counted as one unit, and that, in the judgment of the Department, there were not more than, if as many as, 2,000,000 eligible to vote. They got a vote of at least three-fourths of all who were eligible, certainly, and a higher percentage than we have ever gotten in the States in an election, and certainly a more unanimous attitude upon the part of the 1,500,000 who went to the polls and voted than was ever before shown by a similar number upon any other subject.

In my own State of Alabama, though it may surprise the Senator from Michigan to learn it, from 35 to 40 percent of the people are Republicans, many of them in my own county. A similar condition prevails in many of the Southern States; so it would be entirely impossible, on any kind of public question, to get a vote of approximately 9 to 1 as we had on the cotton bill. This unanimity is absolutely astonishing and ought to be highly persuasive.

In the vote on the continuation of the compulsory control of tobacco the percentage was even higher, considerably higher than was the percentage in the case of cotton. The figure was 96 percent or in that immediate neighborhood. The tobacco vote was cast, however, upon the basis of acreage and not upon the basis of manpower units. The number of acres customarily engaged in the production of tobacco was

1,812,877; acreage voting, 1,667,518; percentage voting "yes," 96.6 percent.

So there is your answer, my friends, to the attitude of the two groups of farmers who had compulsory control in 1931. Notwithstanding all the irritations brought about by the delay in putting these programs into effect; notwithstanding so far as cotton is concerned the unfortunate basis of allotments adopted by the administration—against, I will say, my protest from the beginning—notwithstanding those things, as a result of its operation, as a result of bringing the price, even with 11,000,000 bales carry-over, or more, then, up to 10 cents a pound, as a result of replenishing the almost depleted fortunes of our southern cotton people, of renewing business with the merchants, of salvaging the banks, when it came time to go to the polls in a wide-open, secret election, you have the figures here showing that after a year's trial in the case of both of these commodities there was an overwhelming vote for the continuance of the program for another year.

My friends, is not the voice of the farmers to be heard? Is this a democratic form of government? We have heard the voice of organized labor in this body on account of their efficient and effective organization. When they came here for the passage of numerous laws—among them, the Wagner Labor Relations Act—did Senators stand up here and say, "You are putting compulsion upon a minority?" That is what some of them are now saying. One Senator used as strong language as that this is a Russian or an Italian program. What did this body say, what did the other House say, when it came to the question of a majority only—not a two-thirds vote—a majority of labor working for an employer deciding who should represent them in all negotiations with the employer?

They voted that a majority could do that, and a minority, whether pleased or not, would have nothing to do with the negotiations looking to determining their own pay and their own working hours.

I voted for that bill. Most of you voted for it. But now technical Senators and theorists, and men who do not have the welfare of the farmers at heart, as I think they ought to have, come here and say, "Oh, it is a drastic program to let two-thirds of the cotton producers vote upon a subject within their own sphere of action, which deals solely with their own line of business activity, and put compulsion upon the remaining one-third."

My friends, the subject of the submission of minorities in a democratic form of government is not a new one. I have just cited the Wagner Labor Relations Act. In the beginning of our Government we established the doctrine of eminent domain, under which property could be taken for the Government's needs regardless of the attitude of the individual. That doctrine has been extended to many industries, such as the railroads, the communication companies, the mining companies. They have been given, in the public interest, the right to take property to build their lines—railroad, tramcar, and transmission lines—on top of the ground and under the ground. In other words, it is a submission to economic progress in this great country.

What about street improvements? I remember, when I was a young fellow—some of the other Senators do, I reckon, because the street-paving program is not very many years old, certainly in the smaller cities—I remember, when the first street-paving program came along, how vigorously some men protested, "I have a right to do as I please with my own property. The majority have no right to force me to pave the street in front of my property and to pay for it." But, my friends, along with this moving tide of progress, that sort of protest has been entirely swept away.

I know a man in my own town who bitterly resisted the enforcement of a law which required every citizen to connect his property with the sewerage system on the same ground—that he had a right to do as he pleased with his own property and no majority had a right to control him.

We passed vaccination laws which are compulsory on individuals, we passed quarantine laws which are similarly compulsory, because it was in the public interest to require a minority to submit to a program intended to promote the general interest and the general welfare. We even passed tick-eradication measures against very vigorous resistance all through the South.

So, my friends, as I stated, we passed here three bills along this line. In 1934 they went out, not because the farmers wanted them to go out, but because the Supreme Court, in broad language, condemned the power of Congress to do anything for agriculture as the Constitution was interpreted at that time. Now, we have in this bill provision for a referendum. This program is not to be put into operation unless two-thirds of the farmers want it.

If any one wishes to know about that, if any one has not read the bill, let me explain what it covers with reference to cotton.

We proceed on the theory that a reasonable carry-over protects the price of cotton, and that if in some stabilized way we can maintain the size of that carry-over we shall at the same time stabilize the price of cotton. That is the simple business proposition upon which the bill is based—adjustment of the supply to avoid such fluctuations as we now have, distressing, destructive of property interests, threatening foreclosures all over the South, threatening the solvency of merchants who advance credit, ruinous to trade and commerce. If we can find some reasonable way that is approved by the farmers, and that they really want, to avoid that situation, why should we not do it?

I will say to my friend from Tennessee [Mr. McKellar]—who is the farmer's friend, and I know it; his friendship for the farmer has been manifested on many occasions—that the farmer is the only member of a major group in America who has no sort of power to budget his income. The laborer, the carpenter, the mechanic of any sort, even the plain laborer, the workers in industry, know about what they are going to get at the end of the month, or every 2 weeks, and what their income will amount to when the end of the year comes, assuming steady employment.

They know how to pitch their expenditures to balance reasonably with an income that they have every reason to expect to continue to come. The salaried man knows what he will receive at the end of the month or the end of the year. We, here in this body, know about how to pitch our expenditures. The fortunate men and women who live by clipping coupons know how to finance themselves and not get into difficulty. But here is a farmer. In the first place, he has to take chances upon the shifts and changes in the weather. He has to consider droughts and floods and insects. More than that, he has to consider price-depressing surpluses when the end of the year comes. He now has no control over what all the other farmers producing his commodity are going to do. He has no way to know how many bales of cotton, for instance, will be produced. He knows about what he will get for his cotton if he knows the size of the crop, assuming no great disturbance in consumption. But, my friends, he must go along blindly from the fall—the only time he has a pay day—through the winter and the spring and the summer, without any sort of idea about how much money he will have to pay for the education and clothing of his children, for the acquisition of new farm equipment, for improvements upon his farm. He cannot know under our present system. He cannot even estimate it. As has been often said, he is the greatest gambler—not by desire, but from necessity—in all the business fabric of this or any other country.

He cannot avoid that situation, which may give him a good price, or, on the other hand, may reduce him to bankruptcy. It is entirely beyond his control.

We hear it asked, why do they not agree? Why do they not have voluntary cooperation? Senators must recognize the practical situation. There are 2,000,000 cotton farmers in the United States scattered from the State of my friend

the Senator from Virginia [Mr. Byrd], who sits before me, clear across the continent. Many of them are white men, many of them colored men. Many of them own their own farms, many of them are tenants and sharecroppers. Many of them are in debt, with mortgages upon their farms, with mortgages on their crops held by merchants, who make advances to them. With the farmers scattered over 3,000 miles of territory, with the great difference in intelligence and financial and moral responsibility among them which must necessarily exist, how can any effective cooperation reasonably be expected?

I know there have been attempts to secure cooperation for 40 years, at least, because when I was a boy I went with my father, who was then a member of the House of Representatives, to a meeting of farmers in the old home county of Fayette. The farmers who attended that meeting had in mind some program to be put into operation throughout the Cotton Belt designed to reduce the next year's crop. At that meeting they agreed, as I suppose the farmers did at all the meetings, but it became common talk that many of those who were there agreeing hurried home to make plans to put in a little more cotton while the other boys were reducing. At any rate there was no reduction, though the attempt to secure reduction was made time and again. Under the cotton program contemplated by the pending bill we propose to give the farmers self-administering machinery so that nothing will be done unless two-thirds of them want to do it.

There is no doubt about the attitude of the cotton farmers upon this subject. We not only have the evidence of the vote for the continuance of the Bankhead Cotton Act, but the subcommittee of the Senate Committee on Agriculture and Forestry moved from North Carolina to South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas, Oklahoma, and Tennessee, with very largely attended meetings of representative citizens throughout those States. Two representatives from the Department of Agriculture went along with the subcommittee—I presume to get the atmosphere—and we all returned to Washington unanimously of the opinion, from the best evidence we could get from the representations made to us at all the meetings, that more than 90 percent of the cotton farmers wanted a definite, effective control law; and, as it was expressed here and there all over the area visited, they wanted such a law with teeth in it. That was a common expression. They wanted to make it binding, wanted to make it effective, not only upon the cooperators but upon everybody else.

Consider my own State of Alabama, for illustration. The chairman of our subcommittee requested the State commissioners everywhere to arrange a program. They were to select the best people who could be gotten together. They prepared a program which enabled us to get the opinion of the farmers. They were themselves divided about it. But in Alabama our State director joined with the State commissioner of agriculture and called mass meetings in every county in Alabama for the purpose of enabling the farmers to express their viewpoint for the benefit of the cotton subcommittee then on its way there.

A questionnaire was prepared, and the first question on it was, "Do you favor compulsory control of cotton by Federal legislation? Answer yes or no." That questionnaire was mimeographed and sent all over the State. An effort was made to get the views of the farmers. When they went to vote these questionnaires were mimeographed and scattered in the audiences. Each man remained at his seat and filled out the questionnaire as he would his ballot at an election, a secret ballot. When the ballots were assembled the State statistician at Montgomery, the State director, and the State commissioner of agriculture reported jointly to the committee that the vote stood 96 percent in favor of compulsory control under Federal legislation, a decision reached without propaganda, without organization, without speeches. I did not make a speech in the State from the time I left Washington until I came back. If the voters of one State, whose interests are exactly the same as those of farmer groups in

other States, vote of their own accord and out of their own experience with that sort of unanimity, it can naturally be expected that there is the same sort of sentiment elsewhere.

My friend the senior Senator from Tennessee [Mr. McKellar] is doing me the honor to listen to my remarks, and I may say to him that we missed him when he visited Tennessee, but we knew that he was unavoidably absent. When we visited Memphis there was a meeting across the hall from where our committee held its sessions at the hotel. It was a largely attended meeting, eight or nine hundred people being present, I was told, from the Farm Bureau Federation throughout the State. I was invited to go across the hall and hear Mr. Oscar Johnson address that meeting.

Senators may recall that Johnson was the cotton representative of the Department of Agriculture for a number of years, a very able man, probably the largest cotton farmer in the United States, a man who came here 3 years ago when the Bankhead Cotton Act was being considered, and went before the committee and vigorously opposed it, to my very great disturbance.

I went across the hall to hear him, and I never heard a stronger argument for compulsory control of cotton than Oscar Johnson made there that day, much to my surprise. I certainly have very great respect for the man's ability, as everyone who knows him has. Because of our experiences, because of the successful operation, from a financial standpoint, of the Bankhead Cotton Act, we find Oscar Johnson today urging and speaking for the principle involved in the cotton title of the pending bill.

I started to say to the Senator from Tennessee that I was invited to go over to hear Mr. Johnson's speech. I went across the hall, but I did not have time to speak. I merely expressed my pleasure at being there, and then stated that if the chairman had no objection I was going to ask one favor; that we were trying to find out primarily what the cotton farmers wanted, and I said:

I want an expression from this meeting, and I want an understanding about what is going to be voted on. I am going to ask you to vote on whether you favor compulsory control of the production and marketing of cotton, or whether you want some domestic allotment or other program.

I said:

Now, understand what you are voting on. Let all who are in favor of compulsory control stand up.

It was unanimously agreed there that 95 percent of that audience, eight or nine hundred people interested in farming from all over Tennessee, stood up under that direct challenge.

I mention these facts to show that we do not know what is in the farmers' mind unless we get out among them. I have found that many of them know more about their problems than do we in Washington. I have found that many of them are in advance of us in their thinking, because they have gone through the fiery furnace of sad experiences.

During the prewar period, when there was a parity price for cotton, there was an average carry-over of 3,200,000 bales. With that carry-over we had a parity price for cotton. I have often thought, why risk increasing that carry-over when we know the results we got with that reasonable supply? But here we have agreed to make a carry-over of 35 percent, which makes nearly 5,000,000 bales of cotton to take care of emergencies, droughts, or anything of that sort, and I say now that, as every one familiar with cotton knows, in all the history of this country except during the Civil War there has never been a shortage of cotton.

Mr. GEORGE. Mr. President, would it disturb the Senator for me to ask him a question at this point?

The PRESIDING OFFICER (Mr. Bilbo in the chair). Does the Senator from Alabama yield to the Senator from Georgia?

Mr. BANKHEAD. I am glad to yield.

Mr. GEORGE. I believe that under the scheme of the bill, and under the facts applicable, approximately 13,000,000 bales represent the average annual consumption of cotton.

Mr. BANKHEAD. That is true, over a period of 10 years. Mr. GEORGE. And that the bill provides for a 35-percent carry-over?

Mr. BANKHEAD. That is correct.

Mr. GEORGE. As the normal carry-over?

Mr. BANKHEAD. Thirty-five percent of the amount consumed, based on the 10-year average.

Mr. GEORGE. Which, as a matter of fact, would be 35 percent of approximately 13,000,000 bales of cotton?

Mr. BANKHEAD. That is correct; which will amount to somewhere between four and a half million and 5,000,000 bales, as against a 3,000,000-bale carry-over, as I stated, during the pre-war period.

Mr. GEORGE. I ask the Senator from Alabama, who has given a great deal of thought to the whole cotton problem, what our carry-over was in 1932 and 1933, when we began legislating to restrict cotton acreage?

Mr. BANKHEAD. In 1932 our carry-over was 12,960,000 bales.

Mr. GEORGE. What is it anticipated that our carry-over will be at the end of the present year?

Mr. BANKHEAD. Mr. President, unfortunately it cannot be less than 11,000,000 bales; and with the present rate of consumption, which is less than it was last year, it will probably be 12,000,000 bales.

Mr. GEORGE. So we now face, so far as cotton is concerned, substantially the same conditions that we faced in 1932?

Mr. BANKHEAD. Yes. Such a condition would carry us down below 5 cents per pound for cotton.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McKELLAR. Under this bill, what does the Senator figure will be the compulsory limitation placed on the size of the crop?

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield to the Senator from Oregon.

Mr. McNARY. A few moments ago I complained that we could not hear the discussion which was taking place on the other side of the Chamber. I also wish to say that I understood that the Senator from Alabama was not going to yield until he had completed his statement.

Mr. BANKHEAD. Mr. President, I am approaching the end of my statement. I had completed my general statement in connection with the bill and had gotten down to a discussion of the details of the bill.

The Senator from Tennessee [Mr. McKellar] has asked me what reduction will be required under the provisions of the bill.

Mr. McKELLAR. What the limitation of production will be.

Mr. BANKHEAD. Yes; the size of the production, which relates directly to the next year's carry-over. The fact is that we do not need any cotton production at all. We shall have practically enough cotton next August to supply another year's consumption without producing a stalk of cotton next year. If consumption this year goes off from 13,000,000 bales to 12,000,000 bales, we shall not need to produce any cotton next year. We shall then have 12,000,000 bales, and that will be the year's consumption. Of course, that will be too close a margin. Nobody wants to figure on that basis. There is a provision in the bill that the production shall not be reduced below 10,000,000 bales in any year. That figure is too high, but some desire to be liberal in connection with it. That will not reduce our carry-over quickly enough.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. I observe in the bill upon which hearings were held throughout the country by a subcommittee, of which the Senator from Alabama is a member, a provision for an ever-normal granary in respect to cotton. In reading the bill now before us, as it refers to cotton, I do not find a provision as respects an ever-normal granary.

Mr. BANKHEAD. Of course, cotton is not grain, and the reasons that prompted the sponsors of the bill to make provision for an ever-normal granary did not apply to cotton. As I stated, cotton is not food, such as the contents of a granary are. In the next place, we never have had a shortage of cotton. If we have had bad weather in one part of the Cotton Belt, it has seemed as though Providence was taking care of us in the other parts of the Cotton Belt. We never have had bad weather all the way from Virginia to California at the same time.

Mr. McNARY. In the bill on which studies were held by the subcommittee of the Senate Committee on Agriculture and Forestry, an ever-normal granary—which means simply a storehouse provided by the Secretary of Agriculture, one that he would recommend as being fit for storage—is applicable to cotton as well as to corn. In the bill we now have had introduced, which was prepared on a Sunday, the ever-normal-granary provision or the elevator provision is omitted. Does the Senator believe there was a change in sentiment in the subcommittee on Sunday, so that the ever-normal granary application to cotton was omitted?

Mr. BANKHEAD. I do not think the statement of the Senator from Oregon represents the fact.

Mr. McNARY. Will the Senator state the fact?

Mr. BANKHEAD. I shall be glad to do so. I do not know whether or not the Senator from Oregon was present at the meeting on Sunday; but if he read the bill before that time he should know that the first printed copy of the bill, printed before Sunday, contained substantially the same provision that is in the bill now with reference to cotton. There has been no change from beginning to end with reference to cotton. The cotton program was not prepared on Sunday, as the Senator has stated. It was prepared in substance before the special session assembled. It was prepared before Congress met, and only one or two small phases of it have since been changed. So it is not fair for the Senator from Oregon to intimate that this important subject was thrown together on the Sunday before the bill was reported. It is the one part of the bill which has had a constant history, and which has been held to steadily by the cotton representatives for the past 6 years.

Mr. McNARY. The Senator from Oregon knows what happened up to the reconvening of the Congress. He knows that in the bill which was studied by the subcommittee the total supply and the normal supply and the ever-normal-granary provision applied to cotton. I have no quarrel about what was done with it. The Senator from Oregon knows, however, that when the bill was presented to the Senate committee it contained that provision. He also knows that when the bill was reported out, the provision with respect to the ever-normal granary for cotton was omitted. I am not quarreling with that. I do not want the Senator to take the attitude that I am quarreling about it.

Mr. BANKHEAD. I understand that, Mr. President, and I am not angry about the matter.

Mr. McNARY. I simply made the inquiry in an effort to obtain information. The inquiry is not intended to be an offensive one.

Mr. BANKHEAD. I do not take it in that way.

Mr. McNARY. The inquiry was made for the purpose of debate. For myself, I doubt if the ever-normal-granary provision would apply in a practical way to cotton. I congratulate the Senator on removing that provision after studying the bill. Indeed, I do not think it would apply to wheat. I shall try to demonstrate that it does not.

Mr. BANKHEAD. I should like to say to the Senator that the larger the export is, the less does the granary principle apply to the commodity figures. We have had such a large export of cotton that we knew the granary provision did not apply to cotton. We now have an unusual supply, 35 percent of the normal 10-year-average consumption. That is certainly a larger amount than we ought to have under the trade laws of supply and demand, having in mind the effect that the sale of 1,000,000 bales at a reduction of 1 cent a

pound has on the price of the balance. But recognizing the inclination and disposition on the part of those who are sponsoring the agricultural measure—they wanted larger carry-overs for the protection of consumers—we have increased the carry-over to around a million and a half bales more than we had during the pre-war period, when we had parity prices.

Mr. McNARY. When the total supply, the carry-over and the production of the normal current supply are taken into consideration, I think it will be found that there is enough cotton on hand to meet all foreign and domestic needs. Indeed, I think there will be so much cotton on hand that it will depress the price, and the cotton producers will have to curtail their acreage.

A few moments ago I was interested in the Senator's language when he said that those who opposed the compulsory provisions of the bill were not looking after the welfare of the farmer.

Mr. BANKHEAD. I think the Senator is in error in that respect. If I said that, I did not mean it. I think the Senator misunderstood what I said.

Mr. McNARY. I made a notation in lead pencil of what the Senator said, and that was my understanding of what he said.

Mr. BANKHEAD. I do not mean to impugn anyone's motives. If, in anything I said, I did impugn anyone's motives, I withdraw the statement, because I did not have that in mind.

Mr. McNARY. Mr. President, I feel that I have made some contribution to farm legislation. I think the great farmers' unions which have opposed this bill have also had in mind the welfare of the farmer.

I have here, if the Senator will bear with me for a moment, a statement by the National Grange at its seventy-first annual session at Harrisburg on November 18, 1937, as follows:

Continue the soil-conservation program to help the farmer improve his land and diversify his crops, but not as a means toward production control.

The following statement was also made at that time:

Permit no legislation to be enacted that will result in either immediate or eventual regimentation of the American farmer.

Those organizations are opposing this legislation.

Mr. BANKHEAD. I wanted to appeal to the Senator to refrain from making an argument. I did not yield to the Senator for that purpose. I yielded for a question.

Mr. McNARY. I wanted to make the statement at this time because I thought the Senator felt that anyone who opposed the bill—or, rather, the compulsory feature of it—was not interested in the welfare of the farmer.

Mr. BANKHEAD. I intended to say, and I believe I said, that Senators sometimes seem to be intensely interested when legislation affecting one group of people is before the Senate, but do not have the same degree of interest when legislation affecting the farmers is before the Senate. I said that, Mr. President, and I stand by that statement.

Mr. McNARY. For that reason I wanted to have the Senator have an opportunity to correct the statement as it applies to me.

Mr. BANKHEAD. I am not talking about the Senator from Oregon.

Mr. President, I do not want any discussion of the bill by other Senators at this time in my time. I am willing to yield, which is the usual rule, so that the Senator may ask questions, from now on. The Senator is sensitive about what I said. I have already indicated that I did not intend any reflection on him. I really think the Senator has been very active in the interest of the farmer. I think his judgment has been bad at times, but I think his motives are of the highest kind. I think the Senator is active and diligent.

Mr. McNARY. I was not seeking a eulogy at the hands of the Senator, although I appreciate it, but will let my record here stand upon its own footing. I simply wanted to put in the RECORD a statement of the National Grange and

of the Farmers' Union in support of my observation that we are all interested in the farmers' welfare, whether or not we agree with the Senator.

Mr. BYRNES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. BANKHEAD. I yield.

Mr. BYRNES. Before the Senator concludes, will he discuss the effect of compulsory control upon the development abroad of the production of cotton and wheat? I know the Senator has made a study of that question.

Mr. BANKHEAD. I will be very glad to go into that, although it is rather a large subject. I had thought before the debate was over I would take substantial time on it.

Mr. JOHNSON of California. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from California?

Mr. BANKHEAD. I should like first to answer the question of the Senator from South Carolina; then I will yield.

Mr. JOHNSON of California. I merely desire to ask a question for information.

Mr. BANKHEAD. I shall yield to the Senator as soon as I respond to the inquiry of the Senator from South Carolina.

Mr. President, in response to the inquiry of the Senator from South Carolina, it is, of course, true that exports of American cotton during the past 3 years have substantially decreased, the decrease being something over 2,000,000 bales. If there are those who think that that decrease was due to our control program, I wish to ask them what brought about the reduction during the same period in the exports of practically all American agricultural commodities, and also industrial commodities, because our total exports decreased from over \$4,000,000,000 a year to around \$2,000,000,000 a year? I get these figures from Agricultural Statistics for 1937. On page 337 I find that agricultural exports from this country prior to 1929 amounted approximately to \$2,000,000,000 a year, the average being a little below \$2,000,000,000 a year. In 1931 such exports dropped to \$752,000,000; in 1932 to \$589,000,000, and they have remained at about that figure, \$600,000,000 or \$700,000,000, since that time, representing more than a 50-cent decrease in the volume of agricultural exports.

Let us consider a few individual commodities. I find listed here butter, cheese, milk, condensed and evaporated, and eggs in the shell. The exports of all those commodities have decreased since 1929 more than 50 percent. The exports of milk, condensed and evaporated, declined from 111,000 pounds in 1929 to 28,000 pounds in 1935.

I find that the exports of barley, including flour and malt, have decreased more than 50 percent since 1929. The exports of rye have decreased from around 2,600,000 bushels in 1929 to 21,000 in 1934, and none since then. They have gone, disappeared.

The exports of wheat, including flour, averaged 179,000,000 bushels on an average for the 10 years prior to 1929, and declined last year to 15,929,000 bushels—a decrease from 179,000,000 bushels to 16,000,000 bushels, we will say—and for the last 4 years, 1932, 1933, 1934, and 1935, the total exports compared with the 179,000,000 bushels for the 10-year period mentioned, dropped to about 35,000,000 bushels.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. JOHNSON of Colorado. Does the Senator believe that there should be one price abroad and another price for home consumption?

Mr. BANKHEAD. I do not.

Mr. JOHNSON of Colorado. The Senator thinks the price should be the same for export and for the domestic trade?

Mr. BANKHEAD. It is impossible to have a different price in the case of cotton for too much of it has to be sold in the world market. I believe in one price. I do not think we can sell cotton abroad and hereafter export a single item

of manufactured cotton goods in this country if we sell cotton to the foreign mills cheaper than to our own domestic mills. In that event the domestic mills could not compete with the foreign mills in any foreign market.

Mr. JOHNSON of Colorado. Do the statistics which the Senator has shown anything that would indicate there is a greater demand when the price is lower and that there is also greater consumption?

Mr. BANKHEAD. Yes; the price has some influence, but a very minor one. I requested information from the Bureau of Foreign and Domestic Commerce. I wrote that Bureau a letter before I came here asking the reasons for the reduction in cotton exports to the four principal customers that we always had for cotton, namely, the United Kingdom, Germany, France, and Italy. There has been no decrease in exports to Japan; there has been an increase in exports to that country; therefore, I did not ask about Japan. I am going to take advantage of the opportunity, because this is an important phase of this problem, at least to many people of the South, to read the reply from the Bureau:

The decline in imports of American cotton by the United Kingdom, Germany, France, and Italy during the past 3 years as compared with the preceding decade does not represent altogether a shift to other cotton. The increased takings of other cotton compensated only a portion of the loss suffered by American cotton. On the whole, the smaller imports of American cotton in these countries were part of a decrease in imports of cotton in general for a number of reasons.

In other words, their consumption has gone off, and the decrease in the cotton exports is a part of that program and the result of the smaller consumption of cotton in those four countries.

One of these was the loss in the export trade of cotton goods, which was heavy in the case of the United Kingdom and Italy, and considerable for Germany and France. Another important reason was the campaign of economic self-sufficiency in Germany and Italy, where importation of foreign goods has been discouraged as far as possible, with cotton among the principal sufferers. A third reason was the greatly increased use of other fibers. Another factor to be taken in consideration is that the United Kingdom and continental countries during the past 3 years drew upon the supplies of American cotton in their local warehouses, and stocks of American cotton in these countries decreased during this period by about a million bales, so that the actual takings of American cotton were larger than indicated by the import figures.

Let me further develop that thought. During 1931 and 1932, when cotton was very low, a great deal of it being sold below 5 cents a pound, some foreign countries, including those in the East, snapped up at those prices a quantity of American cotton in excess of their usual needs. That did not help us any, because they did not consume any more. They simply had the extra supply in their warehouses at a cheap price. The figures are available both as to exports to those countries and the consumption within them. During that low-price period they imported 1,500,000 bales more than they consumed. In other words, they bought it cheap and held it. Then, of course, after they had used their normal stocks they had, without buying any further cotton, 1,500,000 bales in their warehouses. They took that out and used it and in that way, as indicated, decreased their purchases or imports of American cotton by the same amount.

Insofar as American cotton was replaced by other cotton it may be ascribed chiefly to difficulties in connection with making payments in foreign exchange in Germany and Italy; to the more limited free supply of American cotton during the past 3 years as compared with that of former years, accompanied simultaneously by a considerably more liberal supply of other cotton resulting from the larger crops in Brazil and some other foreign countries. While, considered as a whole, perhaps it cannot be said that there was an actual shortage of American cotton for foreign consumption, the free supply of particular grades and staples in American cotton was not so plentiful as heretofore, and, in the interplay of economic forces in the European cotton markets, the larger supply of other than American cotton gave that cotton some advantage either in price or in ready availability over American cotton.

Statistical material showing imports of American and other cotton for the countries in question and a more detailed discussion by countries is attached.

The attached statistical table shows that imports of American cotton increased between 1920 and 1930 in Germany, France, and Italy, and decreased somewhat in the United States.

That is prior to 1930, before we had any control.

From 1930 to 1933 imports of American cotton declined in all four countries and a heavier reduction in imports has taken place since 1933.

That is, as I said, before we had any crop control.

The volume of raw-cotton imports is greatly affected by the domestic demand and existing stocks of cotton goods in the various countries for which there is no satisfactory information and it is therefore not altogether possible to trace all the causes underlying the annual changes in the cotton imports. The important changes, however, took place in the last 3 years, and in order to facilitate such deductions as may be made from the available data the latter have been summarized in table 5 to show what took place between the 3 years 1934 to 1936 and the preceding decade.

Let me turn to table 5 because it is very interesting. It appears from this table that the 10-year average of imports of the United Kingdom, Germany, France, and Italy, of American cotton was 4,757,000 bales. During the last 3 years this amount has been decreased to 2,723,000 bales. During the same 10-year period the imports from all countries were 7,319,000 bales and for the 3-year period were 6,042,000 bales, a reduction of 1,277,000 bales. While we lost nearly 2,000,000 bales, the increase from foreign countries was only 757,000 bales.

I shall not read the remainder of this communication and the tables accompanying it, but ask unanimous consent to have it inserted in the Record at the conclusion of my remarks. It is very interesting and I am sure Senators will derive much valuable information from it.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. BANKHEAD. The table to which I have just referred shows that during that period there was a development of substitutes in the form of rayon and staple fiber equivalent to a displacement of 770,000 bales of cotton. That was, of course, prior to the program of control. We were not only disturbed by substitutes, from Italy and Germany especially, but we have had a very greatly increased volume of substitutes in our own country not only in the form of rayon, but unfortunately in the form of jute imports. I shall discuss that subject later.

Mr. VANDENBERG. In the form of what?

Mr. BANKHEAD. In the form of jute. India always has been a large producer of cotton. Her production is close to 5,000,000 bales. Her cotton has a staple and fiber inferior to ours. Her price is usually 80 percent of the American price. India is sending into our country free—and I hope the Senator from Michigan will think about this from the American viewpoint—a quantity of jute which displaces annually 1,700,000 bales of cotton.

Mr. VANDENBERG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Michigan?

Mr. BANKHEAD. Certainly.

Mr. VANDENBERG. I shall be happy to join with the Senator in a plan of restriction against any competitive farm commodity which reduces the American farmer's income or interferes with his domestic market.

Mr. BANKHEAD. The Senator makes me very happy by saying that, because if we could have our market restored it would be the best thing that could happen to the American cotton farmer, as well as the other farmers.

Mr. BYRNES. Mr. President, will the Senator yield?

Mr. BANKHEAD. Certainly.

Mr. BYRNES. The Senator will agree with my statement that jute is imported as a wrapper for American cotton. In the Congress through the years the argument has been made that if we should wrap American cotton in cotton bagging and ship it abroad, it would not be acceptable to the purchasers abroad. Two years ago, on a visit, I found that in China cotton was being wrapped in cotton bagging, showing a little better appreciation of what cotton can do and how it should be used—a better appreciation than has been shown by the American people.

Mr. BANKHEAD. Following out the statement of the Senator from South Carolina a little further, while I do not want to get into the political party aspects of the situation, I think we all recognize, generally speaking, that the decline in our exports, both of manufactured commodities and agricultural commodities, all up and down the line, has been due in large part to the effect of the great world-wide depression on international trade relations.

Mr. McNARY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Oregon?

Mr. BANKHEAD. I yield.

Mr. McNARY. I am always impressed by what the Senator states in relation to this subject matter. Inasmuch as he has been giving figures with regard to imports and exports, may I submit for his observation and analysis some figures which I have?

Mr. BANKHEAD. Yes.

Mr. McNARY. I read them not from a Government report but from a pamphlet issued and prepared by the American Cotton Shippers' Association.

Mr. BANKHEAD. Of course, they are hostile. The Senator understands the motives behind the hostility.

Mr. McNARY. I want to know if their figures are correct. I am not going to enter into an argument about them. I may say, in relation to this document, that I spoke to the Senator from Tennessee [Mr. McKellar] about it. This organization's home offices or headquarters are in Memphis, Tenn. He said they are a splendid organization. I know nothing of them. I merely want to know if the figures are correct.

In 1932-33, according to this pamphlet, foreign countries imported from the United States 7,861,000 bales of cotton. That was the beginning of the A. A. A.

Mr. BANKHEAD. What year was that?

Mr. McNARY. I want these figures verified, if possible.

Mr. BANKHEAD. I shall be very glad to give the Senator all the information I can.

Mr. McNARY. In 1932-33 foreign countries imported from the United States 7,861,000 bales of cotton.

Mr. BANKHEAD. Does the Senator mean for 1 year or 2 years?

Mr. McNARY. The cotton-crop year 1932-33. We always understand the overlap. In 1933-34, in round figures, 6,000,000 bales were imported by foreign countries from the United States.

Mr. BANKHEAD. Will the Senator give those figures again?

Mr. McNARY. Beginning in 1932-33, the crop season, which is always an overlap of the calendar year, foreign countries imported from the United States 7,800,000 bales of cotton.

Mr. BANKHEAD. Is that for 1932-33?

Mr. McNARY. Yes; the crop year. In the crop year 1933-34 foreign countries imported from the United States 6,300,000 bales.

Mr. BANKHEAD. The figures do not correspond with the table I have.

Mr. McNARY. Let me finish giving these figures. In the crop year 1934-35 they imported 6,000,000 bales. I am giving only the round numbers. In 1936-37 they imported 4,455,000 bales, and in 1937-38, 3,000,000 bales. If these figures are correct it would indicate that from 1933 to 1938 there has been a decrease of nearly 5,000,000 bales, a very considerable percentage. I find that the foreign production of cotton in 1932-33, in round numbers, was 10,000,000 bales, and in a period of 5 years it had reached 20,000,000 bales.

I do not want to rely on these figures if they are inaccurate.

Mr. BANKHEAD. I have the Department's figures before me and they do not correspond with the figures the Senator has given.

Mr. McNARY. Do they vary very widely?

Mr. BANKHEAD. There is considerable variation. The Senator gave the exports for 1936 at below 4,000,000 bales.

Mr. McNARY. No; I said 4,455,000 bales.

Mr. BANKHEAD. I think the Senator's figure is about 1,000,000 bales out of the way.

Mr. McNARY. I should like to propound a further question to the Senator, for, as an American citizen interested in every section of the country, having had ancestors in the South, I do not want to see the South suffer an economic loss from the actual destruction of the cotton crops so far as they relate to foreign demand and consumption.

If we carry these figures, which are very, very impressive, down to the logical point, they lead to the conclusion that we shall soon lose our export market for cotton—

Mr. BANKHEAD. What about wheat?

Mr. McNARY. Just let me finish this statement, please—and we shall also find the foreign acreage increasing to the point at which there will be no demand for our surplus cotton.

Mr. BANKHEAD. What about wheat?

Mr. McNARY. Will the Senator be kind enough to give me his view upon that subject? Then I will give the Senator my view on wheat.

Mr. BANKHEAD. Yes; I will give the Senator my view on it. Certainly wheat has suffered more in proportion than cotton has suffered, and certainly oats and barley and corn have suffered more in proportion in the loss of foreign markets than has cotton. The Senator realizes that. If he does not, he can get the figures.

Mr. McNARY. No; I do not.

Mr. BANKHEAD. Practically every one of the agricultural commodities has suffered more than cotton has suffered. The reasons for it are something on which, of course, the Senator and I would not agree.

Mr. McNARY. I desire to ask the Senator whether he believes that the trend will follow the figures I have just cited.

Mr. BANKHEAD. Oh, of course, it will follow the trend, except that our exports year before last were less than they were last year. There was an upward movement last year in cotton exports.

Mr. McNARY. Is it the opinion of the able Senator that in the future we must look upon our cotton production from the standpoint of national containment or national sufficiency, and not from the standpoint of an export market?

Mr. BANKHEAD. I think the Senator recognizes that our international trade relations are directly responsible for the change that has occurred. I am not going into the cause of that, for I think it would certainly lead directly into politics. I have my views on the subject, and the Senator has his views, and we are entitled to them. As long as we remain Democrats and Republicans we will maintain them.

Mr. McNARY. I have not any politics in international matters.

Mr. BANKHEAD. But the loss in American exports is due, as I think every economist in this country will agree, to the difficulty of securing American exchange. It is due to the spirit of nationalism which has grown up all over the world. It is due to the fact that all the foreign nations are endeavoring to produce more of products such as wheat, or, if they have ever produced it, such as cotton, and the horrible contests of nationalism under which trade channels have become clogged and broken down.

My own view is that the West is not going to get back its foreign markets for wheat and other commodities, such as barley and oats and corn and all those things. You had a big export trade in those commodities at one time. We are not going to get back completely our foreign markets for cotton until it is made easier in some way to meet the competition of other nations based upon national barter rather than payment in gold exchange.

That is my judgment about the matter, if the Senator wants my views. I do not think there is anything peculiar about the cotton situation.

Mr. McNARY. I thank the Senator.

Mr. BANKHEAD. Now, let me say this, and I want the Senator from South Carolina [Mr. BYRNES] to hear it:

Further following the question of exports, there has been an upward trend in the production of cotton in foreign countries for 50 long years. Some people have an idea that the countries across the water have just found out about their cotton, and that they have jumped into cotton production during the past 2 or 3 years as a result of our programs in this country. The truth is that since 1894, from that time right on up to the present, the average annual increase in the production of cotton has been 150,000 bales. Apply that for fifty-odd years; and since 1914, when the World War started, the annual increase in the production of cotton in foreign countries had averaged 200,000 bales.

We cannot stop cotton production in foreign countries by reducing our price to the minimum. We have always had an adequate supply. When we had 13,000,000 bales at a 5-cent price, foreigners continued to increase their production of cotton. There is no way to stop it. It has not been stopped over a period of 50 years, with the lowest sort of prices.

Why, Mr. President, there are people in this country, some of them living in the South, who want to put the cotton producers down, down, down on a living standard that will enable them to starve out of cotton production the Chinese coolies, the Russian slaves, the Mexican peons. For God's sake, if our people have to go through that horrible experience any worse than they have gone through with it, merely to maintain volume of business for exporters represented by the association from which the Senator from Oregon just read an extract; if they have to go down, down, down with their prices to drive that type of foreigner out of the cotton fields, what is going to happen to our poor cotton farmers who all these years have borne the burden of protective tariffs, who have paid the tariff tax upon nearly everything they consume, who have had nothing that they sell protected; whose income has gone down, down, down, until it is the lowest, smallest per capita income of any group of people in America?

Ah, Mr. President, rather than drive our cotton farmers down to that low degree of financial standing, to that level of living in order to reduce down, down, down the price of cotton so as to drive foreign countries that are producing it out of production, I would say, let us lose sight of the foreign markets. If we have to reduce our farmers and all the people of the South to a state of financial ruin and bankruptcy by selling cotton to foreign countries far below the cost of production, then, in the name of common sense and fairness and decency, why should people insist that we take that course and continue to pile up cotton?

Some people have a nebulous, vague idea that there are markets across the sea for all the cotton America wants to raise or can raise and send there. My friends, in my judgment, if the price of cotton were put down to 4 or 5 cents a pound—and it was there at one time—it would not materially increase the consumption of American cotton in foreign countries, for two outstanding reasons:

First, their capacity, like ours, is limited. They have their sources of supply. Where they do not use American cotton they can barter for cotton; and that is responsible for the great increase of production of cotton in Brazil. They have sold their cotton to foreign countries through barter. It is even known that Italy exchanged a submarine to Brazil for a supply of cotton a year or two ago. The Senator from South Carolina [Mr. SMITH] the other day mentioned the fact that Germany had a delegation over here 2 or 3 years ago trying to buy up around a million bales of cotton. They tried to make the arrangement here by depositing German marks with the Export and Import Bank, so that any merchant in this country who wanted to buy German goods could get those marks and pay for them, and they would take their pay in cotton. The chairman of that delegation came to my office in the Senate Office Building and asked me if I could be helpful in bringing about that barter arrangement. He said that a price of 15 cents a pound for cotton would not be a deterring influence. It was not a matter of price. Cotton was selling then for between 11 and 12

cents, and he said a price of 15 cents would not stop them; and still we hear people talk about reducing lower and lower the price of cotton in order to hold a couple of million bales of exports that we formerly had.

There is another reason, Mr. President, why that cannot be done. Whenever the price of American cotton goes up, the price of competitive cotton goes up in the same percentage. Whenever the price of American cotton goes down, even if it goes down as low as 5 cents a pound, the price of Indian cotton goes down to 80 percent of that 5 cents a pound. Do you think the foreign countries which are now engaged in the production of cotton with their cheap peon and slave labor are going to lose their opportunity to sell cotton merely because our price goes down? Why, Mr. President, how many long years has the Indian price been 79½ percent the price of American cotton? It was that when our cotton was 30 cents and above a pound. It was that when our price of cotton was 5 and 6 cents a pound. It is that today.

Mr. BYRNES. Mr. President—

Mr. BANKHEAD. I yield to the Senator from South Carolina.

Mr. BYRNES. I should like to confirm the statement of the Senator. I may say that within a few months, in discussing this matter with a well-informed German citizen, he stated that they much preferred American cotton.

Mr. BANKHEAD. It has a better staple and fiber.

Mr. BYRNES. But he said they had no way of paying for American cotton, whereas they were paying for Brazilian cotton by barter of German goods.

Mr. BANKHEAD. I ask unanimous consent to have printed in the RECORD a chart showing the Liverpool prices of American and Indian cotton, and the ratio, from 1906 to date; another chart showing the Liverpool prices of American and Egyptian cotton, and the ratio, from 1906 to date; and a chart showing the upward trend in the world production of cotton since 1891.

The PRESIDING OFFICER. It will be necessary to secure the consent of the Joint Committee on Printing to have these charts included in the RECORD.

Mr. BANKHEAD. Who is chairman of that committee now?

The PRESIDING OFFICER. Representative LAMBETH of North Carolina, the Chair is informed, is the chairman of that committee.

Mr. BANKHEAD. These charts are so illustrative and important that I think there should be no difficulty about having them printed. Since they have been already included in official documents of the Department of Agriculture, I dare say the Government Printing Office now has the forms. In case it should not be possible to secure the consent of the joint committee, however, I will state that copies of the charts may be obtained from the Bureau of Agricultural Economics, Department of Agriculture.

In any event, Mr. President, I ask to have printed in the RECORD a statement by Louis H. Bean, of the Agricultural Adjustment Administration, accompanying the last chart to which I have referred.

The PRESIDING OFFICER. Without objection, it is so ordered. The statement is as follows:

LITTLE UNITED STATES CAN DO TO STEM INCREASE IN FOREIGN GROWTHS

(By Louis H. Bean, U. S. Department of Agriculture, Agricultural Adjustment Administration)

The interest of American cotton producers, processors, and distributors in the trend of foreign cotton production has increased over the past half century as year after year foreign crops gained in size. That interest has become even more intense in the past 3 years when both Nature and control programs in the United States checked production and raised prices while foreign production was speeded up. In this article we, therefore, undertake to present, first, certain outstanding facts in the long-time tendencies in foreign and domestic cotton production and then to discuss the part played by the price of American cotton in the expansion of foreign production in recent years. The effects of production and price of American cotton on foreign production have probably been overstated, and the effects of other forces making for foreign expansion, over which American producers have no control, have probably been understated.

TWENTY-YEAR TREND

The long-time trend of foreign production is clearly revealed in figure 1. Production in Russia and China are excluded here because it responds to factors quite different from those that determine output elsewhere. In the 20 years between 1894 and 1914, foreign cotton production (excluding Russia and China) increased from a trend figure of 3,500,000 to 6,500,000 bales, or at an annual rate of about 150,000 bales. Following a decline in production during the war years the upward trend was resumed, but at a somewhat faster pace. Between 1920 and 1935 foreign production increased from a trend figure of 6,500,000 to 9,500,000 bales. This represents an annual rate of increase of about 200,000 bales, or 50,000 bales greater than in the pre-war years. Were Russia and China included, the post-war trend would show a greater annual rise. The post-war expansion in Russia was from almost no production in 1918 to 2,250,000 bales in 1935, compared with about a million bales before the war.

EXPANSION VARIES

The rate of expansion of foreign production has not been uniform year after year. It exceeded the trend in 1898, 1906, 1913, 1925, and 1935. It slowed down after the rise to 1893. It slowed down again after the record crops attained in 1906, 1914, and 1925; and if history continues to repeat itself, may also slow down after the record foreign crops of 1935 and 1936.

The foreign crops of 1935 and 1936, excluding Russia and China, were about 11,000,000 to 11,500,000 bales. This is practically the production that could have been anticipated merely by projecting the pre-war trend of the record crops of 1898, 1906, 1913, and 1925. There is in this fact the suggestion that the economic and other forces that brought about the pre-war rate of increase in foreign production were also largely responsible for the record foreign crops of 1935 and 1936.

For convenient contrast with the trend in foreign production we have included in figure 1 the course of production in the United States. The effect of the boll weevil after 1915 was to reduce the trend of output to a level about 4,000,000 bales lower than that of the pre-war years. Throughout the post-war period, production in the United States, except in 1926, failed to attain the levels indicated by the pre-war rate of expansion. The control programs of 1933-35 and the weather of 1934 and 1936 resulted in crops under 12,000,000 bales compared with about 16,000,000 bales had output followed the post-war trend. This coincidence of rising production abroad from 1932 to 1936 and lower production in the United States is the usual point of departure in the argument that the control programs, by raising prices, have stimulated foreign production, reduced consumption of American cotton, etc. Just how much of the foreign expansion in recent years is occasioned by the price of American cotton and how much by other factors is suggested by the following analysis of aggregate foreign acreage changes and the acreage changes in India, Egypt, and Brazil.

FOREIGN ACREAGE

The course of total acreage in foreign cotton (excluding Russia) from 1921 to 1935 is shown in figure 2.¹ Between 1921 and 1935 that acreage rose from 28,000,000 to nearly 41,000,000, then tended slightly downward, reaching 35,500,000 acres in 1932. This was followed by another advance to nearly 44,000,000 in 1935.

In order to reveal the extent to which these annual acreages were affected by the price of American cotton and by other factors, such as prices of competing crops, national production policies, currency devaluation, we have determined by statistical correlation procedure the effect of the Liverpool price of American cotton in one season on the total foreign acreage the following season for the period of 1921-35. The result is shown on the lower half of figure 2. It will be seen that between 1921 and 1924 there was a rise in the total acreage of 5,500,000, following the advance in prices of American cotton from the low levels of 1920 to the high levels of 1923. This was followed by a decline of 6,000,000 acres between 1924 and 1927 as cotton prices fell from the high level in 1923 to the low level of 1926. The higher prices of 1927-29 restored 2,500,000 to 3,500,000 acres in 1928-30. The decline in cotton prices from 1929 to 1931 had the effect of reducing foreign acreage by about 4,500,000 by 1932. In 1932 a smaller American cotton crop brought higher prices and restored 2,500,000 acres in 1933, and between 1933 and 1935 there was another increase of about 1,500,000 acres.

This analysis shows that had there been no other influences on foreign acreage except the changes in the price of American cotton abroad, the 1933 foreign acreage would have been just about where it was in 1921 and in 1935 it would have been no greater than in 1929 and 1930.

EFFECTS OF PRICE

The effects of price on foreign acreage, shown in the lower half of figure 2, when deducted from the actual acreages, also shown in figure 2, reveal the acreage changes due to factors other than price of American cotton. Thus in 1925 foreign acreage amounted to nearly 41,000,000, or 13,000,000 greater than in 1921. About 4,000,000 of this increase we found was due to price, the balance, nearly 9,000,000 acres, must have been due to all other factors combined, including recovery from wartime reduced output, lower prices of competing products, lower production costs, and Government stim-

¹ The acreage data are those used by the Brookings Institution in its study, Cotton and the A. A. A. The inclusion of China does not affect materially the point of this analysis.

ulus to expanded production. Similarly in 1935 total foreign acreage was about 44,000,000, or 16,000,000 greater than in 1921, but of this only 2,500,000 was due to the higher prices of American cotton, indicating that all other factors were responsible for about 13,500,000 acres of this increase. The year-to-year influences of these other factors are shown in the middle section of figure 2. This part of our analysis shows that had the price of American cotton been kept unchanged throughout the period 1921-35 foreign cotton acreage would have been about 8,500,000 acres greater in 1925 than in 1921; it would have remained at about that level until 1930 and would have shown an increase of 13,500,000 acres over 1921 by 1935.

OTHER FACTORS

We thus infer that the rise in foreign acreage of 4,500,000 between 1932 and 1933 was due in part to the better price of American cotton in 1932 than in 1931 and in part to expansion arising from other factors. Most of the 1933 increase in foreign acreage is therefore not related to the A. A. A. programs adopted in the summer of 1933, except for such increased plantings as took place in India after August 1933. Of the expansion in foreign acreage of nearly 4,000,000 between 1933 and 1935, roughly about half may have been due to the improved price of American cotton and the other half to factors that started foreign acreage expanding again after the 1930 season or 3 years before the first A. A. A. program. It should be observed, however, that the increase in acreage here attributed to "other" factors may include expansion resulting from the expectation on the part of certain foreign countries that the American crop will continue to be held down and price guaranteed. At present, we have no way of showing this influence in a quantitative way.

The fact that growing foreign competition is subject to forces much more potent in the long run than the world price of American cotton can be shown even more strikingly by an examination of the acreage changes in three countries: India, Egypt, and Brazil.

Acreage studies for these three countries have recently been made by the Bureau of Agricultural Economics of the United States Department of Agriculture, which we summarize as follows:

CROPS IN INDIA

For India the price-acreage relationships show that a price of 220 rupees per candy in the period 1920-24 tended to bring about a cultivation of around 17,000,000 acres; in the period 1925-26, because of a decline in prices of other agricultural products, the same price of cotton brought about 22,000,000 acres into cultivation; in the period 1927-32, because of a further decline in prices of other agricultural products, the same price of cotton of 229 rupees brought on 23,500,000 acres; and in the period of 1933-35 about 25,000,000 acres. In other words, the long-time expansion in Indian acreage from 1921 to 1935 had very little to do with the world price of American cotton. Even if the world price of American cotton were to be brought down so as to restore the low prices that prevailed in India in 1931-32, it would not reduce Indian acreage by much more than 1,000,000 acres or about 4 percent.

CROPS IN EGYPT

For upper Egypt the price-acreage relationships show that in the period 1922-24 a price of about 13 tallaris per cantor tended to result in 300,000 acres in cotton, but, with declining prices of grain thereafter, the same price of cotton resulted in 400,000 acres in the period 1927-28; 500,000 in the period 1929-31; and about 600,000 in the period 1933-35. Here, too, the long-time trend in acreage is due not to the price of cotton but to the lower prices of competing products. By 1932 acreage was here reduced very sharply and most of the reduction has been restored, but not more than about 10 percent of that restored acreage can be attributed to the price of cotton.

COFFEE AND COTTON

For southern Brazil the analysis does not contain data back beyond 1933, but it is significant that the expansion started here not after the A. A. A. programs but 3 years earlier. Between 1929 and 1933 acreage here expanded from about 160,000 to 1,120,000, an increase of about 960,000. Between 1929-30 and 1932-33 the price of cotton in Brazil advanced from a low of 32 milreis per 10 kilograms to 53, but this price advance was responsible for only about a 200,000-acre increase. The balance is associated chiefly with the decline in the price of coffee.

PERMANENT TREND UP

From the foregoing facts we may conclude that foreign acreage (outside Russia and China) is pursuing a long-time expansion trend of about 200,000 bales a year; that foreign acreage changes in recent years have been brought about only partly by changes in the world price of American cotton and partly by the other numerous factors over which American producers have no control; and that a sharp increase in American production to force the world price of American cotton down to where it established 1932 cotton prices in competing countries would not necessarily lower the total of foreign acreage to that of 1932. These long-time trends, these price and other influences, need to be taken into account in determining what would constitute a proper progressive balance between American and other growths in foreign markets for cotton.

Mr. BANKHEAD. Mr. President, I do not desire to take too much time of the Senate. I am not sure that I had finished the statement of the formula contained in the cotton title of the bill, and if I may be permitted to do that I will

then yield the floor, unless some Senator wishes to ask me a question.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. In relation to the question of exports, just for the purpose of having the record correspond to the actuality, I recall that for the many years I have been a member of the Senate Committee on Agriculture and Forestry we have always considered that the home consumption of cotton was about 40 percent and that the foreign exports amounted to about 60 percent of the crop. Those figures were burned into my memory many years ago and, I think still obtain, largely. In other words, there is a larger percentage of exports of the cotton crop than of any other crop in this country.

As to wheat, I think it is not comparable, as the Senator has said. I recall that for many years, from 1910 to 1925, I think, with the exception of 3 years, the average production of wheat in this country was about 800,000,000 bushels. In 1915 it was about a billion bushels, and it is prophesied it will be about the same this year. For a great many years—I will say up to 1910—we used to export about 20 percent of our wheat, which would be 160,000,000 bushels out of the 800,000,000 bushels. The export is now down to around 10 percent.

I have just hastily glanced at a speech delivered by the Secretary of Agriculture, though I read it last evening with very much interest. It was placed in the RECORD by the very able Senator from Kansas [Mr. McGUIRE]. In that speech he stated:

From the 1st of July up to November 6, we have exported about 22,000,000 bushels. At this rate exports for the year would total about 60,000,000 bushels. But it is possible that exports from this year's crop may total as much as 100,000,000 bushels.

So there has not been a very great variation during the years in the amount of wheat exported. The amount has probably fallen from 20 percent, as it was up to 1910, to 10 percent, the present figure; whereas as to cotton over a long period the export has been practically 60 percent of the crop.

I say this in no argumentative sense at all. I have as much sympathy for the efforts of the southern planter as has the Senator from Alabama, who has given so much attention to this very important problem, and this particular phase of an important problem. What I am trying to ascertain is whether there is not more competition in foreign countries in the production of cotton than there is in the production of wheat or any other American agricultural product, and if we keep our domestic cotton price above the world level, will it not finally exclude us altogether from our export to foreign countries? I submit that as an inquiry to the Senator. The Senator is very thoughtful and has very considerably answered a portion of my inquiry. I refer to the comparable situation between wheat and cotton only because of the Senator's reference a few moments ago.

Mr. BANKHEAD. Mr. President, the question is a proper one, of course. But what can we do about it? I have just explained that we have no power to stop production abroad and that we cannot do it by cheapening the price of cotton.

Mr. McNARY. I am very well satisfied with the Senator's answer.

Mr. BANKHEAD. What can we do? We cannot get the Canadian trade opened up so that we can get a free exchange, as we used to have.

Mr. McNARY. I do not want to see the cotton planter and the cotton farmer and the cotton picker reduced to poverty wages in order to compete in the world market. I want them still to maintain the high American standard of living.

Mr. BANKHEAD. I appreciate that. We cannot control it, and it makes it more important, as I see it, for us to arrange to adjust ourselves to a situation which we cannot control. If we cannot reopen the market at present and secure an increased outlet for our cotton, it makes it all the more important that we should adjust the supply, under

adequate and proper machinery, to the markets where we can sell our cotton. In other words, if our quantity is to be reduced, it makes it all the more important that our price shall be increased.

As I argued before, I think the reduction proportionately in wheat exports to foreign markets has been much greater than has been the reduction in cotton exports. It has been about 30 to 33½ percent in cotton.

There was an export of 10,000,000 bales before the reduction; then it was about 7,500,000 bales. Last year it was merely 5,500,000 bales. So that it was down over 30 percent. As to wheat, there was probably a 75-percent reduction in comparison with the normal export of wheat. There was an annual export of wheat of 179,000,000 bushels, while in the same period there was an export of cotton of seven and a half million bales. Last year there was an export of cotton amounting to nearly 5,400,000 bales, but there was an export of wheat of 16,000,000 bushels. So that there is no real difference; we all have the same problem.

I do not know how we are to stop foreign countries with their nationalistic spirit from producing wheat, just as they have been for 3 or 4 years, and not buying our wheat. I do not know how we are to stop them from producing cotton. Not only that, but cotton is certainly in a worse condition about recovering the same volume of foreign trade because of the production in such large quantities of rayon fiber in Germany and Italy, countries which were formerly among our best customers. We cannot stop that. We cannot stop it in the United States, much less stop it abroad. The market has just disappeared.

Germany and Italy and the United Kingdom and France have always been our chief customers, and the exports to those countries have been diverted due to conditions. The producers in this country have not reduced the production proportionately with the decrease in consumption by our former four chief European customers.

Mr. McNARY. Mr. President, will the Senator bear with me for another question?

Mr. BANKHEAD. Certainly.

Mr. McNARY. In the bill, about which hearings were had throughout the country, adjustment contracts were required as to the major commodities specified in the bill, namely, wheat, cotton, tobacco, corn, and rice. In that portion of the bill now before the Senate which deals with wheat and corn there is provision that where adjustment contracts are required 51 percent of the farmers at a public hearing must indicate that they are in favor of them.

Mr. BANKHEAD. I prefer that the Senator take up that phase of the case with the Senator from Kansas [Mr. McGILL].

Mr. McNARY. Oh, no; I am coming to the question of cotton.

I repeat that adjustment contracts, contracts in writing, which specify benefits in the way of reserve loans, parity payments, and soil-conservation benefits, are provided for in the bill; but before a contract is entered into the Secretary must be satisfied, after a public hearing somewhere in the area in which the product is produced, that 51 percent of those engaged in producing it want to sign the contracts. That is the language of the bill, or I do not read it aright. When it comes to cotton, in the bill now before us the requirements for adjustment contracts no longer exist. It is not necessary to have a contract for cotton. A referendum for cotton adjustment contracts is not required. All that is required is a referendum or a hearing with respect to quotas. The question I am asking is, Why did the committee omit the requirement or adjustment contracts for cotton, and still require them for wheat and corn?

There may be a very logical reason. I am simply asking the Senator for an explanation.

Mr. BANKHEAD. So far as wheat and corn are concerned, the bill as reported, as I understand, does not seek to control production or marketing until a certain stage of overflow in the granary has been reached.

Mr. McNARY. Will the Senator pardon me there?

Mr. BANKHEAD. Yes.

Mr. McNARY. The adjustment contract does not provide for that; but the quota, after referendum, does prevent any of the commodity moving into the currents of commerce above the amount specified by the Secretary of Agriculture. So we come to the compulsory features under that phase of the bill in its application to corn and wheat.

Mr. BANKHEAD. I assume that the Senator from Oregon, who attended the meeting in which the measure was dealt with, heard this subject discussed from time to time by the sponsors of the measure, and he understands that phase of it as well as I do.

Mr. McNARY. There was no discussion at all of that. If the Senator wants to go into that matter I shall complete my history of the transaction.

Mr. BANKHEAD. I quite differ with the Senator. He may not have been present.

Mr. McNARY. The part of the bill with reference to cotton was before the subcommittee. I was present with the committee during the 4 days the bill was under study, save on the Sunday when the present draft of it was written. The cotton provision was referred to a committee of cotton Senators, and they reported back. I do not care anything about the mechanics of the hearing. What I want to know is this: We are dealing with five commodities. Why is a written adjustment contract required for wheat and for corn, but not for cotton?

Mr. BANKHEAD. I do not care whether or not they have the contract for wheat and corn.

Mr. McNARY. I know the provisions of the bill. The bill does not require a written contract for cotton at all.

Mr. BANKHEAD. If the Senator wants to strike the provisions with respect to wheat and corn, he can move to strike them out.

Mr. McNARY. Mr. President, my question is a fair one for any Senator to ask, in order to have an explanation as to why the commodities were not treated alike with respect to written contracts, and to the provisions embodied in the bill with respect to the various commodities.

Mr. BANKHEAD. The Senator from Oregon ought to understand that, I think. Whether he does or not, I think he ought to.

Mr. McNARY. I understand the bill.

Mr. BANKHEAD. Wait a moment. The Senator asked me a question. I wish to answer it.

Mr. McNARY. Very well.

Mr. BANKHEAD. The Senator well knows that the approaches to cotton on the one hand and to corn and wheat on the other, so far as control is concerned, are entirely different. The Senator well knows that no member of the Committee on Agriculture and Forestry from the cotton States is responsible in any way for the bill as it originally was introduced. The Senator well knows that the mere introduction of a bill dealing with cotton and corn and wheat, treating them along the same lines, does not bind anyone, even the Senator from Oregon, and under the rules of our committee, does not bind any member of the committee. We have a rule that any Member, when he comes on the floor of the Senate, may vote as his judgment dictates. He cannot be confined in any way by what was in a bill introduced by some other Senator.

I shall state the reason why the producers of cotton do not want any contract and do not need any contract. The Senator may reason as he pleases and other Senators may reason as they please about wheat and corn, but if we are given the allotment that is provided in the cotton section, we do not need any contract to carry that out. It is useless to go around and get a contract for something that the law controls and regulates.

That is the situation so far as cotton is concerned. We have a different method of approach than in respect to other products. Under the cotton program we try to avoid what is, as we see it, the waste of producing more than is

needed and thereby reducing the price. We approach the subject from the standpoint of avoiding, so far as we can do so in advance, producing a crop which must be impounded on the farm, so far as cotton is concerned. I do not undertake to say anything about corn. I have not been a student of those things enough to do that. However, so far as cotton is concerned, whenever a bale of cotton goes through a cotton gin, it thereby goes into the report of the Census Bureau as to the number of bales. It goes into the visible supply. That supply always directly influences the price of cotton, whether it is impounded or not, whether it is under a loan or not. The cotton trade knows that it is somewhere in a warehouse, and available to the trade when it is needed, without risking at any time an undue shortage of cotton.

Mr. MILLER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair.) Does the Senator from Alabama yield to the Senator from Arkansas?

Mr. BANKHEAD. I yield.

Mr. MILLER. On page 35 the bill, as I understand, sets out the basis of assigning the quotas to the individual producers of cotton; and, in substance, on page 35 one of the things to be considered is the number of families composed of two or more persons. Was any testimony taken by the committee looking to the use, as a basis, of the number of individuals rather than families? As a matter of fact, in the cotton-producing sections of the country a family usually consists of 8 or 10 persons, and I should like to know if that human element was given consideration.

Mr. BANKHEAD. I will say to the Senator very frankly that I was not the author of that immediate section. The Senator from Mississippi [Mr. BILBO] was. I think his idea was to give an advantage to the small farmer as against the mechanized farmer. On a mechanized farm usually there are but few children. The Senator from Mississippi stated that that was the reason why that provision was made in the amendment. It was an amendment in the interest of the small farmer as against the mechanized commercial farmer.

Mr. MILLER. Mr. President, will the Senator yield further?

Mr. BANKHEAD. I yield.

Mr. MILLER. At the bottom of page 36, in subsection (f), it will be observed that when the quota has been established, and the time comes to allot the acreage, 3 percent, I believe, is reserved for allocation to new lands. Was any testimony taken, or what does the investigation disclose, as to the number of acres; or will that percentage be sufficient to take care of the number of acres that normally come into cultivation every year?

Mr. BANKHEAD. I may say to the Senator that we did not have any hearings on that point. We had general information about the number of new farmers who came in under former programs; and the number of new farmers that come in is much larger when the price of cotton is high, as the Senator knows. For that reason we could not anticipate it. A good price attracts them. When a low price prevails, they do not come in. There is no formula for that program. In the original Cotton Control Act the figure of 3 percent was provided. We investigated that condition, and we figured that that was enough to provide for the new farmers.

Mr. MILLER. I have in mind the fact that in eastern Arkansas and in a great portion of the Delta country many of our lands were devastated by an overflow in 1927. I have in mind one particular section in Arkansas which is 100 miles long and on an average 10 to 15 miles wide, which has not been able to raise any cotton except during the last year or so. There are two or three thousand families who have settled on that land. They must have a base acreage if they are going to develop it.

Mr. BANKHEAD. That is provided in the bill. If the Senator will look in the definitions under "normal production," he will find that if for any one year during the 5-year period, on account of drought or other undue causes the production is one-third less than normal, it is to be dealt with.

Mr. MILLER. I should like the RECORD to show that it was the thought of the Senators in charge of the bill, and particularly the Senator from Alabama, that the subsequent provisions in the bill are ample to give the Secretary the right to take into consideration, in fixing their base acreage, the plight of the people to whom I have referred.

Mr. BANKHEAD. We put the provision in the bill for that purpose, I will say to the Senator.

Mr. MILLER. I thank the Senator.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield to the Senator from Louisiana.

Mr. OVERTON. In reference to the apportionment among the States and among the political subdivisions of the States and farm units, I notice the bill provides that the national marketing quota shall be apportioned among the several States according to their production records, but when it comes to allotting the national marketing quota to each State the first provision is, in effect, that the Secretary of Agriculture—

Mr. BANKHEAD. From what page is the Senator reading?

Mr. OVERTON. Page 35, line 3. When it comes to making the allotment amongst the counties or subdivisions of a State the first consideration to be observed is—

The proportion that the land devoted to tilled lands on cotton farms in the county is of the land devoted to tilled lands on all cotton farms in the State.

Elsewhere in the bill "tilled lands" are defined to be lands that are devoted to soil-depleting row crops and soil-depleting feed crops.

In Louisiana there are parishes or counties most of the acreage of which is devoted to the raising of sugarcane, a portion of the land being devoted, we may say, to the raising of cotton. Will those counties whose major crop is sugarcane be allotted proportionately the same acreage that will go to those parishes or counties whose major crop is cotton?

Mr. BANKHEAD. I do not know sufficient about the production of sugar to say whether or not the land so used would be included in "tilled lands." Is sugar planted in rows in the Senator's State?

Mr. OVERTON. Oh, yes; it is planted in rows.

Mr. BANKHEAD. To the cotton grower, so far as I know, a percentage of all cultivated lands, regardless of what was cultivated, would be given for planting cotton. If it should take 30 percent of the cultivated lands in the county to produce the county's allotment, then each farmer would get 30 percent.

Mr. OVERTON. It seems to me, may I suggest to the Senator, that many of the parishes of Louisiana would get a surplus allotment under this method of making the allocation.

Mr. BANKHEAD. Which is more profitable, sugar or cotton?

Mr. OVERTON. That depends on the circumstances. Sometimes sugar is more profitable, and sometimes cotton is.

Mr. BANKHEAD. Is there any base acreage as to sugar?

Mr. OVERTON. Yes.

Mr. BANKHEAD. That would govern, of course. That would keep the farmers from increasing it.

Mr. OVERTON. We will say there is a parish in Louisiana in which 80 percent of the tilled land is devoted to the planting of cane and only 20 percent to the planting of cotton. There is another parish in northern Louisiana, we will say, where practically all the tilled land is devoted to the planting of cotton. Will those cane-producing parishes get just as large an allotment as will the cotton-producing parishes?

Mr. BANKHEAD. I think that will depend somewhat on the sugar-allotment program. I wish to say to the Senator that I did not give any personal consideration to the cane feature, because I did not know sufficient about it. But the Senator's colleague [Mr. ELLENDER] collaborated with us in the administrative allotment features of the bill, and I suggest that the senior Senator from Louisiana take it up with his colleague, who knows more about it than I do.

Mr. OVERTON. I will be very glad to do so.

Mr. BANKHEAD. I wish I could answer the Senator, but I did not give any detailed study to other crops.

Mr. OVERTON. But for the purpose of the RECORD, if the Senator will yield further—

Mr. BANKHEAD. I yield.

Mr. OVERTON. On page 36, when it comes to the allotment to the farm units, there is a similar provision, namely:

At least 95 percent of any acreage remaining shall be apportioned to the farms in the county in the same proportion that the lands tilled on each farm in the preceding year bears to the total tilled lands in the county in such year.

So that a farmer who has been devoting his tilled land to other crops than cotton will, in the allotment of cotton acreage, participate equally with the farmer who has been devoting his land to the planting of cotton. It seems to me that that formula ought to be reconsidered and ought to be amended.

Mr. HATCH. Mr. President, I should like to inquire of the Senator from Alabama if he has concluded his general exposition of the subject and is ready to respond to questions?

Mr. BANKHEAD. Yes; I have been ready to do so for some time.

Mr. HATCH. I wanted to be sure that the Senator was ready.

Along the line the Senator from Louisiana [Mr. OVERTON] has been talking, I wish to ask the Senator from Alabama a question. I think I am correct in saying that at the time the subcommittee was considering the cotton schedule of the bill the section we now have before us was not included in the bill which was considered by the subcommittee, but was inserted at the last minute of the general committee's consideration just before the recess on a Sunday night. Is that correct?

Mr. BANKHEAD. Yes; that is correct, and the RECORD might be made complete by saying that it was presented by the Senator from Mississippi [Mr. BILBO].

Mr. HATCH. It was presented by the Senator from Mississippi. It seems to me that provisions (1), (2), and (3), on page 35, might offer some very grave administrative difficulties, and I should be glad to have the views of the Senator from Alabama on that subject. I will first refer to paragraph (c), which reads:

The amount of the national marketing quota allotted to each State shall be apportioned by the Secretary among the several counties and subdivisions thereof in such State upon the following basis:

Then follow paragraphs (1), (2), and (3), setting forth the basis. What I wish to ask the Senator from Alabama is whether or not, in his opinion, the Secretary would have any discretion whatever in the application of the rules laid down in those three different standards or would he have to give equal weight to each of them?

Mr. BANKHEAD. My view is there is no discretionary power in that section and that, inasmuch as three factors are presented, unless specific provision is made as to the weight to be given to one as contrasted with another, they would be considered equally. That would be my view of it, although I must say that that is just common reasoning.

Mr. HATCH. It is important, I think, to have the Senator's view on that subject, because, as the Senator from Louisiana [Mr. OVERTON] has just pointed out, there are places in the South, I am told, where there is a large acreage of tillable land, and perhaps 5 or 10 acres of that land—and even in the Senator's own State there are cases of that kind—have been set aside for the production of cotton, or for one purpose or another. That is all the cotton ever produced on such acreages and probably all the owners desire to produce. Yet, under that first provision, the total amount of acreage in that farm would have to be given weight equal to that accorded the considerations set forth in the other two provisions.

Mr. BANKHEAD. I think it needs further consideration, I will say to the Senator.

Mr. SMITH. Mr. President, will the Senator from Alabama yield to me?

Mr. BANKHEAD. I am glad to yield to the chairman of the committee.

Mr. SMITH. I think there is no use to complicate a simple matter by different approaches. As I take it, those who drafted the cotton provision were trying to keep production within the limits of consumption, and, therefore, the only sensible approach is to ascertain how many acres were planted to cotton by each farmer during the years in which it is proposed to base the figure as to average production, and then, without reference to anything else, reduce the acreage planted to cotton by the percentage that is necessary, under the general average yield per acre, to produce approximately the quantity desired.

That was my conception under the old A. A. A. law; it is my conception now. So when it is asked how much cane was planted and how many acres the farmer has in some other crop it is beside the question. The question is, how many acres are planted in cotton in the United States in the aggregate and how much and by what percentage that acreage must be reduced in order to produce the amount of cotton that is desired. That is the only way to approach it, and we thought so when we were considering the matter in this bill. I think so now, because if 34,000,000 acres produced 8,000,000 bales of cotton and, taking the 5 preceding years we get the average, and then reduce the cotton acreage by the percentage thought to be necessary, considering the average yield, the number of bales required will be produced. So, what is the use of talking about the total tillable lands that during those years were not put in cotton?

I agree with the Senator from Alabama that part of the bill, at least, needs some revision, and perhaps some amendment.

Mr. HATCH. The reason I asked the question of the Senator from Alabama was simply because I could not understand or figure out what the formula or rule would be.

Mr. SMITH. And nobody else can.

Mr. HATCH. I think if anyone is going to give attention to amendments the time is getting close when amendments should be considered. That is all I wanted to say.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Texas?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. As I understand, in the formula acreage itself is not the only basis.

Mr. BANKHEAD. That is correct.

Mr. CONNALLY. One acre might produce twice as much as some other acre. The yield per acre is also to be considered by the Secretary in making the allocation.

Mr. SMITH. That is provided in the bill, but not in the formula about cotton or sugarcane.

Mr. CONNALLY. I am speaking of cotton.

Mr. SMITH. But it is complicated in this way: We have to take into consideration in figuring the cotton quota what else was planted, and so forth, and under the terms of the bill, as it ought to be, each would be apportioned according to the yield per acre and the number of acres.

Mr. CONNALLY. Why did not the chairman bring in that kind of a bill?

Mr. SMITH. The chairman was not writing the bill.

Mr. CONNALLY. I beg the chairman's pardon. I am not criticizing the chairman, but the chairman came here with a bill in one hand and criticism in the other hand.

Mr. SMITH. I know it; and I came here under the order of a majority of the cotton growers of America. The bill is not what I want. It is what they demanded. Copies of the bill were scattered broadcast and the cotton growers endorsed it. I am going to say to them, "If it is a success, I congratulate you; but if it is a failure, shake not thy gory locks at me." [Laughter.] I am going to endeavor to give

them what they asked for. They asked for this bill and I am going to give it to them if I can.

Mr. CONNALLY. If the Senator will guarantee that, it will ease the pain of other Senators here.

Mr. SMITH. We advertised all over the Cotton Belt and we had tremendous meetings. A majority of the cotton growers said, "We want control." A considerable percentage said, "We want it with teeth." Some said, "We want it with tusks." Some said, "We want voluntary control." But a large majority said, "We want control." Several times the question was asked, "According to this bill?" And they said, "Yes."

The bill was prepared some time last summer and was scattered broadcast throughout the entire Cotton Belt. That is how the cotton growers happened to be familiar with it. I do not know what they were told would be the result, but I know the result of the hearings we had. For the first time in the history of Congress the idea of going to the boys in the field was endorsed—going to the men who hold the plow handles and the hoe handles. This is what they said they want, and so far as I am concerned, this is what they are going to get.

Mr. POPE. Mr. President, will the Senator from Alabama yield at this point?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Idaho?

Mr. BANKHEAD. Certainly.

Mr. POPE. I wish to invite the Senator's attention to what I think is a defect in the bill, which should be corrected by one or two amendments to carry out the intention of the Senator and myself and, I believe, other members of the committee.

Parity payments are to be made on corn, cotton, and wheat. Other payments are to be made under the Soil Conservation Act along the same line the farmers have been getting since that act went into effect. As I read the bill, however, cotton would be in the position of getting both soil-conservation payments and parity payments.

Mr. BANKHEAD. Where does the Senator find such a provision?

Mr. POPE. There is no provision that parity payments shall be in lieu of soil-conservation payments in the case of cotton as there is in the case of corn and wheat. It was the clear understanding that cotton, corn, and wheat should be on the same basis in that respect.

Mr. BANKHEAD. So far as I am concerned, if the Senator will prepare an amendment putting them on the same basis, it would be agreeable to me. I did not prepare this provision. It was done by the gentlemen who wrote the bill.

Mr. POPE. At the top of page 10 of the bill, in line 8, I would suggest that this language be inserted to carry out that purpose—

Mr. BANKHEAD. I am not going to agree to any amendment on the floor of the Senate in the course of the debate.

Mr. POPE. I want to get it in the RECORD. After the word "for", in line 8, insert the words:

In lieu of payments made under the Soil Conservation and Domestic Allotment Act with respect to such commodities.

Further, to carry out the purpose, in line 13, before the word "cooperators", I suggest inserting the words:

And in the case of cotton the acreage of cotton shall not exceed the acreage apportioned to the farms pursuant to the provisions of section 31 (d).

That, I think, will carry out the purpose the Senator from Alabama has in mind. In other words, it would be very unfair if the cotton producers were paid both the soil-conservation payments and the parity payments. I think it is clear that the language should be amended in that respect. These amendments have been carefully prepared to bring about that result.

I desire to ask the Senator another question. I should like to have the Senator explain the purpose of the amendment which appears on page 82 of the bill, beginning in line 5:

Notwithstanding any other provisions of section 32 of Public Law No. 320, Seventy-fourth Congress, as amended, \$65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available until expended for price-adjustment payments to cotton producers, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop.

Will the Senator answer the question whether or not that \$65,000,000 would represent additional parity payments to those which might be received by corn and wheat producers under schedule A of the bill?

Mr. BANKHEAD. That is very easy to answer. I have before me the deficiency appropriation bill. This amendment increases the obligation of the Government by not a single copper. There are two phases of it. Of the fund, \$65,000,000 was appropriated by section 32 for this year, and the \$65,000,000, for next year, there being not enough in either year to serve the purpose, was appropriated by the deficiency act just before Congress adjourned, in order to make the adjustment payments, brought about by the difference between 12 cents and the bottom price, not to exceed 3 cents a pound. It cannot be paid out under the law until two things have been done: First, the farmers have to comply with whatever program is adopted for next year. We cannot get proof of that until after this fiscal year shall have expired, and possibly that money might revert to the Treasury, so we are providing for its continuation until the proof is available. That is all. There is not an additional dime involved.

The Senator from South Carolina [Mr. BYRNES] prepared the original amendment which went into the deficiency bill appropriating the amount referred to in the bill which we have before us.

It has another valuable purpose. A mere continuation of the fund is simply to prevent it reverting to the Treasury. Under the cotton-loan plan the bill requires the cotton to be sold before the cotton farmer is eligible under the adjustment-payment law. In other words, the act gives the farmer the difference between 12 cents, as the ceiling, and the average price on the day the cotton is sold. When the act was passed cotton was selling around 10½ cents a pound. No one contemplated it would go below the loan price. To my astonishment, and I cannot account for it yet, with a loan of 9 cents a pound available under which every farmer could place his cotton, the cotton farmers continued to sell and are still selling at 7½ cents a pound.

As the act stands the cotton farmer would be forced to sell his cotton before next July. There are possibly 6,000,000 or 7,000,000 or 8,000,000 bales under loan. If this cotton should be sold now the farmer of course would lose a cent a pound, as well as the carrying charges, which naturally would be deducted from his adjustment payment. By the time he sold his cotton, the adjustment payment would be absorbed and there would not be anything left for the cotton farmer. The chairman of the committee will understand that by the dumping of that cotton on the market at one time, the price of cotton would be forced down in a serious way. The Government has an intense interest not only in the farmers but in not having too large a loss on these loans; so we have extended the loans for a year, and have provided that it is not necessary to sell the cotton, but that those who are still holding it on the 30th day of next June or the 1st day of July shall be considered as having sold it as of that date.

Mr. SMITH. Mr. President, let me make one correction. The Senator inadvertently made a mistake in his statement, and I wish to correct it.

Mr. BANKHEAD. Very well.

Mr. SMITH. The Senator said that the farmers could get 9 cents, and are still selling—

Mr. BANKHEAD. I said 7½ cents.

Mr. SMITH. The Senator said 9 cents.

Mr. BANKHEAD. I said that although they could get 9 cents, they were still selling at 7½ cents.

Mr. SMITH. Yes; but the loan is only 7½ cents on the majority of the grades that are now available.

Mr. BANKHEAD. That is probably true.

Mr. SMITH. Our understanding was that they were to get 9 cents a pound on all cotton eligible under the contract. In place of that, the loan was for the first time broken down into 9 cents for a certain grade and staple, 8 cents for a certain grade and staple, and 7½ cents for the rest. The farmer, not being versed in grading and stapling, and being confused as to what his cotton will bring, just says, "I will sell it and take my chances."

Mr. BANKHEAD. I had a letter a few days ago telling me that a great deal of cotton is being sold at 4 and 5 cents a pound.

Mr. POPE. Mr. President, will the Senator yield for a further question?

Mr. BANKHEAD. I yield.

Mr. POPE. I understand from the Senator's explanation that his amendment would not increase the expense of the Government.

Mr. BANKHEAD. It would save the Government money. There is no possibility of its increasing the obligations of the Government.

Mr. POPE. My question is this: Since \$65,000,000 would be paid to these cotton producers—in extension of the loans, it is true, but nevertheless paid to these cotton producers—would that amount be taken out of the pro rata part of the parity payments which would go to cotton, corn, wheat, and so forth?

Mr. BANKHEAD. No; it has nothing to do with it.

Mr. POPE. Let me get this point clear: Assuming that \$500,000,000 would be appropriated for carrying on this program and the soil-conservation program, 55 percent of that would go to make the parity payments on corn, wheat, and cotton, which, it is calculated, would be \$275,000,000. That would be shared proportionately, then, among those various commodities?

Mr. BANKHEAD. The Senator knows that what is in the bill relates to next year's crops. It has nothing to do with the past year. This provision has exclusive application to things in the past.

Mr. POPE. And it is the Senator's understanding that this provision would not in any way affect the pro rata part that would be used for parity payments on corn, wheat, and cotton?

Mr. BANKHEAD. Not only that, but it applies to 1937. The pending bill applies to nothing in 1937; it applies only to 1938 and thereafter.

Mr. POPE. If that is the correct interpretation, I think that explains it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield; yes.

Mr. MILLER. I should like to ask the Senator his idea about subsection (h) on page 81 of the bill. That strikes me as rather a singular provision in any bill. In effect, it provides that after a farmer has complied with the other regulations, and has qualified for receiving payments, the Secretary may withhold any payment if he finds that the farmer has not raised the proper amount of foodstuffs on his farm. It is true the subsection says that it shall apply only to payments under sections 7 to 17 of the Soil Conservation and Domestic Allotment Act, but it also applies to cotton; and I wondered if that limitation should not be entirely stricken out of the bill unless we are willing to put in the hands of the Secretary of Agriculture the right to say just exactly what a man shall raise on his farm, and the amount of it.

Mr. GEORGE. Mr. President, on that point I hope the Senator from Alabama will yield to me.

Mr. BANKHEAD. I do.

Mr. GEORGE. I think the question is a very pertinent one. If this bill can be sustained, it can be sustained only on the theory which the Senator from Alabama has long and earnestly advocated, that it is a regulation of interstate

commerce. It seems to me that when we undertake to put into the hands of the Secretary of Agriculture the power to deny payments merely because someone has done nothing whatever with respect to the commodity which is being regulated, but simply and solely because he has not done some other things which the Secretary of Agriculture thought he ought to do with his land or with other crops, the bill then is getting over into the field of clear control of production, and we run the chance of having the whole thing destroyed.

I think the Senator from Arkansas has raised a very pertinent inquiry, and that what he says is equally applicable to any possible restriction on placing any land in competition with any crop that is not regulated as a part of interstate commerce. I think that matter ought to have consideration, and very serious consideration.

Mr. BANKHEAD. I quite agree with the Senator that it ought to have careful consideration. So far as the constitutional phase of it is concerned, this amendment really does not apply to anything in this bill. It is a limitation on the use of money under the Soil Conservation Act. It is not set aside for the administration of this bill.

The Senator from Louisiana [Mr. ELLENDER], who is the author of this provision, is not present. He had that subject up all through the hearings of the cotton subcommittee in the South and took a very great deal of interest in it, and he found really a very responsive sentiment that the outstanding value of any soil conservation or any acreage diversion program depended upon the increased production of feed and food for home consumption, to avoid taking cotton money to buy food and feed that could be produced on the farm. The Senator's idea—and, as I say, I was very much surprised to find unanimity of sentiment among the witnesses that we asked about it—was that there ought to be, so far as possible, some provision in this bill limiting the payment of money under the soil-conservation plan to provisions which would encourage at least the production of foods and feeds. This has nothing to do with control.

I myself do not like discretionary power. I fought that all the way through this cotton plan. I fought every possible discretion. I have tried to insist upon having legal formulas for everything that is done, so that there shall be nothing for the committees to go out and do except to carry out the legal mandates by measure. I recognize, as I stated to the Senator from Georgia, that the subject should have careful consideration; but I know—and I am glad to see the Senator from Louisiana [Mr. ELLENDER] here; I assume he will discuss the subject later—I know that when the meetings acted we had our most responsive answer practically everywhere, and I do not think I heard anybody object to making some limitation upon that gift money under the Soil Conservation Act—that is what it is—that would promote, so far as possible, the production of food and feed supplies upon the farm.

Mr. MILLER. I agree that it is purely a limitation; but when we undertake to load the bill down with that limitation, I think we weaken the bill and run the chance of having the bill run into real legal difficulties.

Mr. BANKHEAD. I do not see the difficulty in limiting the appropriation. Regardless of the wisdom of the course, I cannot see any legal difficulty about it.

Mr. MILLER. Notwithstanding diversification is always to be desired, I think when we force diversification in a bill of this nature we run the risk of having no bill at all.

Mr. BANKHEAD. The Senator from Louisiana, who is the author of the provision, and who has given it a great deal of thought, will doubtless discuss it a bit later on. I know, as I stated, that this discretionary power is objectionable to a great many of us, and I do not know whether or not we could make specific provision on here to avoid it. That is a matter for the Senate later to decide. I am sure an amendment will be drawn up which will deal directly with that phase of it.

Mr. President, there is one other phase of the bill which I wish to discuss and then I shall conclude. That is the money phase of the bill.

There has been some discussion of what is commonly called the domestic allotment plan as applied to cotton. That means, of course, the payment of a subsidy or bounty or gratuity, or whatever we may call it, upon the cotton domestically consumed in this country. That is accompanied, of course, with uncontrolled production. The theory of the domestic allotment plan is to pay a bounty on the cotton domestically used and let the rest go into the foreign market.

That, of course, on its face is a very alluring picture. If we have plenty of money to pay the cotton farmers on less than half of their production a price that will give them a reasonable price on their whole production, then it is all right. It is a very pretty picture. But we have to face realities at this time. There may come some later date when the financial affairs of the Nation will be in a somewhat different situation; but we realize that there has been a clamor all over the country of late, and it has reached down into the common walks of life, that we should quit carrying this Government into larger and larger indebtedness all the time. It has certainly reached the White House, and the announcement from that source is plain and unequivocal that any additional money obligated under this bill must first be provided for in the way of additional taxation.

It is my judgment that the American people are not ready for additional taxation. The chief demand I am getting is to eliminate some of the objectionable taxes we now have, and to meet that elimination by reduction in the expenditures of the Government. I think probably all the Senators have been getting letters and demands and articles and editorials in the newspapers following out that formula. It is clear to me, at least, that we are not in position to make in this bill any substantial increase in our expenditures for agriculture. In the original draft of the cotton section of the bill that fact was recognized, and we sought to set aside 35 percent of the \$500,000,000 soil conservation authorization for the use of cotton, to be used first for such soil-conservation program as might be allotted, and then to pay the balance of parity, which is similar in thought to the domestic allotment plan except, of course, it does not carry out that plan to its completion.

For some reason the representatives of other commodities felt that there should not be a separation of the funds available for cotton, wheat, and corn. They felt that possibly there might be criticism, and one commodity might get some advantage over another, and there was objection. I was entirely opposed, and reluctant to raise any question that would bring about in Congress a dividing wedge between the representatives of these great basic commodities. I recognized that if representatives of 25 percent of the population of this country—and that is all that lives upon the farms—are to be successful in procuring proper recognition for agriculture, we must have a unity of purpose and a unity of action. I sought from beginning to end to avoid any sort of conflict with the representatives of the other major agricultural commodities, as members of the Committee on Agriculture and Forestry well know. So when this objection was raised, I promptly abandoned the thought of a separation of the funds. I said we should let the cotton and the wheat and the corn go along together to get this 55 percent of the \$500,000,000 or \$275,000,000 and divide it.

I do not know that the formula provided is a fair formula. We will have to look into that. The department wrote it. I do not know whether or not it is fair. I do not want anything but a fair formula for a division between these commodities. I do know that every time I raise a question with any representative of the Department I am told that under any formula that can be provided cotton is entitled to at least 25 percent of the gross amount appropriated for agriculture in this country, because it represents at least that proportion of our agriculture.

Mr. CONNALLY. Mr. President—

The PRESIDING OFFICER (Mr. BROWN of Michigan in the chair). Does the Senator from Alabama yield to the Senator from Texas?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. I thoroughly agree with the attitude of the Senator that all the farm groups have to reconcile their differences and present a solid front or no one will get anything. I wish to ask the Senator, when it comes to the parity payments on these different commodities, is there a variable standard depending upon conditions and the amount of yield, or is it a fixed amount?

Mr. BANKHEAD. There is a table showing that.

Mr. CONNALLY. I remember reading it.

Mr. BANKHEAD. It varies according to the approach of the price to parity and the supply. If there is a large supply, as we have of cotton, and if we are far from the parity price, under that table, if it is worked out as I understand it, we would get more on parity payments than we would if we were near the parity payments, with a supply near normal. It is a variable figure. I would rather have it the other way. I would rather have a fair division and let each commodity group work out the use and the application of it to fit the particular conditions, and not have controversy hereafter about whether or not the division the Department is making between the crops is a fair and just one.

Mr. CONNALLY. That is what the Senator from Texas had in mind. So long as it is a variable quantity, and dependent upon many conditions, there will be constant agitation that one commodity is not getting its fair share, and that the Secretary is not just.

Mr. BANKHEAD. There is a formula. I do not know just how it will work.

Mr. CONNALLY. The virtue of a formula always depends on the man who applies it.

Mr. BANKHEAD. I think so, too.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. SMITH. There has been considerable agitation in the press as to the limitations on the amount of money that can be used for the purposes of the pending bill. As that is a new phase of this question, I wish to deal fairly with these who endorse the principles of the bill. The condition of cotton will illustrate just what I am driving at. If we are to aid the farmers in their present condition, does the Senator think that anything less than \$500,000,000, which would be available for the purposes of the bill—we all know that it will be less than \$500,000,000—will offer any real and appreciable relief?

Mr. BANKHEAD. I will say to the Senator in perfect frankness that I think it will be totally inadequate for the immediate present. My thought is, however, that as we approach the adjustment of the supply to fit the world requirements, the price of cotton will gradually move up.

Mr. SMITH. I raise the question because when we had the other tremendous surplus, amounting to more than 10,000,000 bales, a loan of 12 cents a pound was made to the farmer. He is now cut down to 9 cents, and the average is 8, taking the average of the 7½ cents and the 9 cents, and that is restricted to 65 percent of the base acreage. Now we are confronted with the possibility of an eleven or twelve million-bale carry-over, and no relief in sight.

Mr. BANKHEAD. That is true. I have called the attention of Senators from the cotton-producing States to the fact that in 1936, last year, when the carry-over of cotton had been reasonably adjusted—not low enough, but it was lower than it had been since 1929 and 1930, down to 6,000,000 bales—without any loan program, without any price-pegging device of any sort, moving freely into the channels of commerce, domestic and foreign, the average farm price received for cotton was 12.3 cents a pound for the entire crop. One year it went to nearly 14 cents, as the Senator from South Carolina remembers.

It will take us a while to adjust the supply, and it will never be possible to do it, in my judgment, unless there is

compulsory control. We will never do it under a voluntary system, which has always broken down. Judging by the past, it is not possible to control the supply in that way unless we get the price up, as happened in 1936. There are always some farmers who go along, but a sufficient number, hungry for more cotton at a better price, increase their acreage to the point of breaking the program down.

In 1936 as much money was available as would be made available under the pending bill. Approximately \$100,000,000 was available for cotton. What happened? That was supposed to be used, and I assume it was used, so far as it could well be used, in addition to the money spent on the soil-building program, which did not cost a large percentage of the appropriation. The balance was supposed to be used in bringing about crop rotation, diversion of acreage from soil-depleting crops, diverting it to something else, reducing the cotton production, holding it down. What happened, with all that money available? The plan was for voluntary action. Prices were attractive. All the farmers did not take the money. Some of them would not take it. There was a considerable increase in the number of noncooperators. Altogether the farmers reduced their planted acreage 4,000,000 acres.

How are we to avoid that? We certainly have to have a very much larger sum of money. I want to say to those who talk about wanting cotton to move into export that I would like to have them tell me to what price they want to drive American cotton. To what price do they think it is necessary to reduce it in order to increase exports? I want them to be frank about it, because they say, reduce the price, and thereby let cotton flow into some nebulous market.

Mr. McKELLAR. Mr. President, was there any suggestion in the committee or any proof in the committee which indicated what the domestic allotment plan would cost?

Mr. BANKHEAD. Yes; there was a discussion of it. There was not any proof. We did not consider it except out in the field.

Suppose we take this year's situation, with a crop of 8,000,000 bales for domestic consumption. That is a little high. There were only seven and three-quarter million last year, but taking eight million as the figure, the price is $7\frac{1}{2}$ cents a pound. I do not think it will average that. The parity price is $17\frac{1}{2}$ cents.

If we are going to deal with parity price on domestic consumption we certainly should not do anything less when the majority of the crop will be sold at any price it will bring. Take the other 10,000,000 bales of this year's crop at 10 cents a pound. The difference between the present price, $7\frac{1}{2}$ cents, and the parity price, $17\frac{1}{2}$ cents, means that it would cost \$400,000,000 to pay the parity price on the domestic consumption only. That is the theory, of course, of paying on the domestic consumption, and letting the remainder move at any price at which it may move.

Another problem exists. In the first place we do not have the \$400,000,000, nor \$300,000,000, nor \$200,000,000. Some day we may get it, but we do not have it now. We may as well face the fact that we are not going to get it.

Suppose we had only a 9-cent difference. Then we should need \$360,000,000 to pay the parity price. Not only that; if we encourage the producers to increase production, turn the farmers loose, and that is all that is needed, then with every crop that we have in excess of the 13,000,000-bale consumption we are driving down the world price, and we are pushing up the price that we have to pay on the cotton domestically consumed.

Mr. McKELLAR. And would it not exclude our cotton manufactures from going into the markets of the world, because it would cost us more to manufacture here?

Mr. BANKHEAD. Yes; it would.

Mr. McADOO. Mr. President—

The PRESIDING OFFICER (Mr. BROWN of Michigan in the chair). Does the Senator from Alabama yield to the Senator from California?

Mr. BANKHEAD. I yield.

Mr. McADOO. I am very much interested in the Senator's exposition of this problem. I am curious to know whether or not I am correct in assuming that the fundamental purpose of this bill is to limit production.

Mr. BANKHEAD. No. The purpose of the cotton bill is to adjust the supply to fit the demand of the world, and thereby stabilize interstate and foreign commerce so far as cotton is concerned.

Mr. McADOO. That necessarily involves an estimate of what the world demand is, and the adjustment of our production to meet that supposed demand.

Mr. BANKHEAD. That is correct.

Mr. McADOO. As I understand the bill, it is proposed to accomplish that by an acreage allotment for the production of cotton.

Mr. BANKHEAD. It is to be done in two ways: First, in the bill there is provision for a baleage allotment to the Nation, a baleage allotment to the State, and a baleage allotment to the county. Then, when we get down to the individual farm, we have an acreage allotment which, upon an average 5-year yield, will produce the number of bales expected, and then all that is produced on that acreage may be sold.

Mr. McADOO. Whatever the process may be by which that result is arrived at for the individual farmer, who is the one who is ultimately going to produce, there is no authority in the bill to control or regulate the fertilization of that soil by the farmer, or the extent to which he may intensively cultivate it, is there?

Mr. BANKHEAD. No; there is not.

Mr. McADOO. In view of that fact, I should like to ask the Senator whether any thought has been given to that phase of the problem, because I can readily conceive that without any regulation upon the power to fertilize soil and intensively cultivate it, a farmer may be able to produce as much from 5 acres of land as from 10 acres of land not so intensively cultivated and fertilized.

Mr. BANKHEAD. Does not the Senator think that would be an economic program, if as much can be produced on 5 acres as now is being produced on 10 acres?

Mr. McADOO. That may be true, but I am talking about the amount of production that may be had.

Mr. BANKHEAD. Of course, the whole program contemplates that there shall not be a run-away production. If a run-away production occurs, the number of acres must be reduced.

Mr. McADOO. Then it would be necessary to reduce the number of acres constantly, would it not?

Mr. BANKHEAD. I do not think the number of acres would have to be constantly reduced. I do not think the production of last year per acre can be increased by the use of fertilizer. I do not think the use of fertilizer can ever be increased so as to get the results that were had this year.

Mr. McADOO. I think the Senator will concede that fertilizing the soil will have a very pronounced effect upon the amount of the product, will he not?

Mr. BANKHEAD. The acreage planted?

Mr. McADOO. Yes. The fertilization of the soil has a pronounced effect upon the volume of production, does it not?

Mr. BANKHEAD. Yes; but in my section of the country the farmers used the maximum fertilization during the past year. They cannot increase the quantity of fertilizer per acre above what was used in the past year. I do not believe we can figure on increased production through increased use of fertilizer above what was produced during the past year.

Mr. McADOO. As I understand, the fundamental idea of the bill is to control production by acreage allotment; and I was interested in the possibility of that control being defeated by lack of control of fertilization and of the extent of cultivation of the farm itself. If that be true, it seems to me we are running into a situation of bureaucratic control of the farmer in the management and use of his own soil that may defeat the very object in view.

Mr. BANKHEAD. From my own standpoint, Mr. President, I will say that I believe in economical production. I believe it is a wise policy to produce as much per acre as a man wants to produce. Then he has his acreage, and he can use it for producing for home consumption. The curse of many farms of the South has been lack of production of food for home consumption—raising cotton only, and taking the cotton money and buying things that could be raised on the farm.

Mr. HATCH. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. HATCH. In line with what the Senator from California [Mr. McAdoo], has said, I should like to ask the Senator from Alabama whether it is not true that if we attempt to limit production by acreage control, and say a man may produce only so much cotton per acre, we run into all the administrative difficulties that arose under the original Bankhead Act.

Mr. BANKHEAD. All the trouble with the Bankhead Act was on account of trying to make the baleage fit the acreage, and it would not fit. When, under the A. A. A., a man was allowed to plant 10 acres, and they said, "You may produce but five bales," and as a matter of fact he produced six, he was mad, and the provision would not fit.

Mr. HATCH. I think the Senator from California will agree that if such a thing were attempted we should run straight into bureaucratic control whenever we tried to let the administration in Washington fix the amount which might be produced.

Mr. BANKHEAD. Yes; it would result in all kinds of trouble.

Mr. HATCH. That was what the Senator from California had in mind; was it?

Mr. McADOO. The bill provides for an adjustment of our production to meet the world demand for cotton. That is to be accomplished by an acreage allotment for the production of cotton. There is no provision in the bill on that subject other than the provision for the control of allotment acreage. The bill seemed to me to be inadequate to accomplish that purpose. If we attempt, however, to control the operation by the farmer of the allotted acreage by prescribing the amount of fertilization he may use, or the intensification of the cultivation he may employ, we get into a bureaucratic control which I think will defeat the ends in view.

Mr. BANKHEAD. Mr. President, those of us who have been on the firing line and the battlefield in the administration of the Bankhead Cotton Act went all through that; and we have unanimously agreed, I think, that the allotment basis is the heart of the control. If there is too much production, decrease the acreage. If there is not enough, increase it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. Is it not true that it would be absolutely impossible to do it in any other way? You can put one farmer on one side of the road, and put another one on the other side of the road, and give both the same amount of acreage and the same kind of land, and one farmer will raise one-third more than the other farmer. That cannot be controlled unless we have someone watching to see that one does not do more than the other.

Mr. BANKHEAD. In addition to what the Senator from Texas says, I should like to call attention to another thing. We do not have storage facilities for excess production. If we limit the number of bales, and more are produced, what are we going to do with the excess? Tenants move from year to year, and would leave the cotton they had produced in the field because they could not sell it if production were limited. We ran into all that sort of thing before.

Mr. McADOO. Mr. President, I hope the Senator from Alabama and the Senator from Texas did not infer from my questions that I was advocating anything that would result in any such difficulty as I have outlined. I do not believe, as I said before, that such a plan is at all feasible; and therefore I was in doubt, when no provision with regard to the increased use of fertilizers was made in the bill, as to whether or not a simple acreage allotment would of itself control the volume of production that it was desired to secure.

Mr. BANKHEAD. Mr. President, I was discussing the money phase of this problem as specifically applied to what is considered and called the domestic-allotment plan. We have not the money, and we cannot get it, and we all know we cannot get it at this time. Some day it may be feasible and available. We cannot get \$300,000,000 or \$400,000,000 to carry out the domestic-allotment scheme. Besides that, as has been pointed out, every year the amount of domestic-allotment money would increase as the price of cotton decreased, resulting from production in excess of the annual consumption.

In addition to that, there is not an unlimited market for American cotton. Do not forget that. The price of cotton has been reduced from 12½ cents a pound last year to 7½ cents a pound this year, and where is the increase in export? There is not an increase in export because when American cotton goes down to 7½ cents a pound, Indian cotton, our chief competitor, goes down to 80 percent of 7½ cents a pound. Their cotton moves right down in price with ours, and our farmers work to give the foreign cotton mills an opportunity to buy cotton cheaper, and they will not buy ours because they can get it abroad at a percentage below the price that prevails for American cotton. So, while it is a pretty picture, it is not a true one.

Now, Mr. President, I am going to conclude with this statement.

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Louisiana?

Mr. BANKHEAD. I yield.

Mr. OVERTON. I request the able Senator from Alabama to give us some indication of what would be the practical operation of this bill, if it should be enacted into law, in reference to the parity price and income the farmer may expect to receive during the next marketing year.

Mr. BANKHEAD. My judgment is that, from the division of the money, the cotton farmer will get something in excess of a hundred million dollars. There are only \$275,000,000, as the Senator knows, for all the basic crops. Assuming that the cotton farmers get something in excess of \$100,000,000, of course, the cost of administration has to be paid out of that. There may be \$100,000,000 left. If next year the crop of cotton is limited, for illustration, to 10,000,000 bales—and by all means it should not go above that, because we now have a year's crop as a carry-over without producing a single stalk more—on that basis a hundred million dollars will give 2 cents a pound. A part of the sum available goes to soil-building practices. I do not know how much will be applied to that; there is no specific formula; but we cannot hope for more than 2 cents a pound for cotton. Assuming that we get that, it is equivalent to \$10 a bale. Suppose, for instance, by reason of reducing the carry-over by 2,000,000 bales or 3,000,000 bales, the price were

increased to 10 cents or 10½ cents, where it would go if there were a 3,000,000-bale reduction in the carry-over under the long-established rules; suppose we get the price to 10½ by this control program, and we get 2 more cents through parity payments, then we get back to around 12 or 12½ cents a pound for the cotton by adding these parity payments.

Mr. OVERTON. The farmer, however, during the next year cannot expect to get the parity price?

Mr. BANKHEAD. Oh, no; no sort of farmer in America can hope to get that. It would cost six or seven hundred million dollars to give the farmers parity payments on the crops covered by this bill.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. McNARY. I do not want to tire the courteous Senator. I could not hear the reply the Senator made a moment ago, but what did he say the cotton farmers received by way of benefit payments under prior legislation?

Mr. BANKHEAD. I have not figured the amount exactly, but I should say for 1933, 1934, and 1935, the first 3 years of the Triple A, and while we had the processing taxes, cotton planters got about an average of \$115,000,000 a year for those 3 years.

Mr. McNARY. What additional sum does the Senator expect to make it possible for the cotton raisers to receive under the provisions of this bill?

Mr. BANKHEAD. None whatever; I am not seeking more money.

Mr. McNARY. The Senator is merely seeking control?

Mr. BANKHEAD. I know this is not a time for the farmers to stick their necks out and invite the opposition of the taxpayers of this country. I am in line with the attitude of the President of the United States, who wants to hold expenditures down and balance the Budget. So I realize that, as a practical matter, it is not the time, in the appropriation for agriculture, to go beyond \$500,000,000 in addition to the \$125,000,000 available under section 32. I think there is a chance always of the pendulum swinging in the opposite direction and destroying, by overdoing the job, the good things that we really are trying to accomplish.

Mr. McNARY. I think that is a very frank and candid expression on the part of the Senator. Does he expect a parity price to be reached for cotton?

Mr. BANKHEAD. I just remarked that there is no earthly chance of that. I do not see any chance in the years to come.

Mr. McNARY. But would there not be a chance under the benefit payments and a curtailment of production for market?

Mr. BANKHEAD. I did not get the question.

Mr. McNARY. Parity could be obtained in two ways.

Mr. BANKHEAD. No; not for cotton; parity cannot be obtained in any way.

Mr. McNARY. Under this bill the Senator is attempting to get parity through benefit payments, is he not?

Mr. BANKHEAD. No; I differ with the Senator. We are attempting to provide payments toward parity; they are not full parity payments. We have not sufficient money for that. I just stated—I do not know whether or not the Senator heard me—that it would take six or seven hundred million dollars to pay full parity on the three large crops in view of present prices.

Mr. McNARY. I understand the statement, but I say the bill itself contains provisions that would give parity.

Mr. BANKHEAD. No; the bill itself does not, because it provides that if there is not enough money available it shall simply be divided pro rata. So it does not create either a legal or a moral obligation.

Mr. McNARY. Of course, we know—I know, because I am familiar with this bill, and I am not quarreling with the Senator along that line—that the bill contemplates parity payments to producers of major commodities.

Mr. BANKHEAD. At some day, if possible, but not next year.

Mr. McNARY. Of course, because the bill does not carry an appropriation; it says "as much as may be necessary."

Parity, I contend, under the provisions of this bill can be reached in two ways—one by draft upon the Treasury of the United States and the other by restricting production. It can be reached in either way.

Mr. BANKHEAD. Which does the Senator prefer?

Mr. McNARY. I do not prefer either.

Mr. BANKHEAD. The Senator does not want the farmer to have parity, then?

Mr. McNARY. Yes. I said a while ago I wanted him to have as high a price as possible. I should like to see this reduced to its fundamentals. Let the farmer receive payments under the Soil Conservation Act, and then come within the provisions of this umbrella, if he wants to. I assume that this bill, under its terms, contemplates, more or less, control of supply, does it not, I ask the Senator?

Mr. BANKHEAD. It is the theory of the bill to make a proper application of the business rule of supply and demand. That is the fundamental principle of it.

Mr. McNARY. That is true. Now I refer to the report of the committee. On page 16 we find this language:

The committee reports that, unless and until the dollar value is regulated and stabilized, it will be impossible to regulate production of farm commodities in any kind of a satisfactory manner.

If that be the theory of the committee, it certainly is not consistent with the provisions of the bill we have been discussing for the last week. I continue the reading:

The value of the dollar controls the price level; and the price level, along with the quantity of production, controls the price of any given commodity.

That is the report of the committee in which the able Senator from Alabama collaborated. Is it his view that we must have the dollar price, the dollar value adjusted in order to meet the situation rather than a control of the supply?

Mr. BANKHEAD. Mr. President, I have had the floor now for 4 hours, and I wish to quit. I am not going to undertake to answer that question of the Senator from Oregon. The Senator from Oklahoma [Mr. THOMAS] will deal with it in proper course, and I think he can deal with it adequately; but I will not go into the money question now; it is too late, and I am tired.

Mr. McNARY. I do not at all blame the Senator.

Mr. BAILEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from North Carolina?

Mr. BANKHEAD. Just a moment. I think we are under a moral obligation to pass this bill, especially the representatives of the cotton-growing States and all the other Senators who voted for Senate Joint Resolution 207 at the last session of Congress. I was not here at the time. I was unavoidably away, but my spirit was here. However, the Senators and Representatives from the cotton-growing States sought a cotton loan on this year's crop because they thought they could foresee a disastrous price ahead of us. They did not fully foresee it, but they saw that the cotton growers would be in difficulty. So they went to President Roosevelt for a loan. The President told them, and he announced through the newspapers, that, in order to secure a loan on cotton or on corn or on any other agricultural commodity the Congress must provide a system of control of the production and marketing of commodities; in other words, that there must be some plan, some machinery, some law under which the Government's financial interests could be protected. The President well knew, as I have heard him often say, that the main cause of the failure of the Federal Farm Board was loans and purchases made by it at an attractive price, but with no power to regulate or control production—to buy at a high price and then let every farmer produce all he could produce at that price, with no power to stop it. Therefore the whole plan fell of its own weight. Well knowing the cause of the failure of the Federal Farm Board, in perfect fairness to the country and to the Members of the Congress, the President gave out the information not only to the Members of the Senate and the House, but, as I have just said, to the press, that he would make no agricultural commodity loans unless

Congress committed itself—we were about to adjourn—to making agricultural legislation the first item on the program when Congress should again convene. In the joint resolution this pledge, upon which he acted, was given to him:

(4) That control of agricultural surpluses above the ever-normal granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need.

We gave him, in the most solemn way that a pledge could be given, by formal action of the Senate and of the other House agreeing upon a joint resolution and sending it to him, a pledge that when we met here, we would pass a law for the control of agricultural surpluses.

Who does not know what control means? Some have tried to argue that it means voluntary cooperation. That is not control. Everyone who has given any thought to the subject and understands language knows that "control" means the power to enforce, means a form of compulsion, means providing the administration with the authority to protect the interests of the Government in the loans it has made.

Acting upon that pledge the President granted the cotton loan. It developed, after the loan was authorized, that there was a crop of unexpected size running to almost the highest point in the history of the country, that we had been proceeding under the Cotton Loan Act to a point where cotton sold at 9 cents a pound for seven-eighths Middling cotton. Many farmers sold it for less. There was the open market for the Government to take the cotton over. The loan being granted under the pledge of Congress, we are likely to have 6,000,000, or 8,000,000, or possibly 10,000,000 bales of cotton under that loan. Reports to the Commodities Credit Corporation do not in any way indicate the volume of cotton under the loans. There is no requirement for borrowers to give their notes. Certain banks have been doing it. They say the amount of loans is largely in excess of the amount now reported.

Mr. President, if we do not have control legislation, where do we leave the administration and the President, acting for the welfare of the cotton farmers, sympathetic to them as he has always been, trying to shield and protect them, but recognizing his duty to the Government? "Give me control and I shall give you a loan, an open transaction." We pledged him the control. He granted the loan, and now the Government has all this money involved. If we turn the farmers loose again, instead of the price of cotton going up to a level which would enable the Government to get its money out of it, we are liable to have cotton down to 6, or 5, or possibly 4 cents a pound. It takes only two or three million bales in excess of the normal crop consumption to bring cotton down to that figure, and then we will have an awful loss saddled upon the Treasury of the United States. Under the same authority the corn loan has been announced.

So I say in fairness and in good faith we are obligated to enact some form of control legislation that will enable the President to adjust the supply, that will enable him to protect the prices—because that is what we promised him we would do—to protect the investment of the Government. There is only one way to protect it, as every intelligent man knows, and that is by a control program which will reduce the carry-over at the end of next year.

Mr. President, with these remarks I bring my discussion to a close for the present. I am ready to carry out this pledge. I was not here when it was made, but I was in full sympathy with it. I do not think we should fail to carry it out. We cannot fail to carry it out and then face this or any other administration, in view of that solemn promise and declaration of Congress to enact control legislation. I do not think any of us who participated in securing that loan can ever go back to the White House with a clear conscience and look the President in the face if we fail to enact control legislation, considering that the Government will be overwhelmed with losses under the cotton loan and will be similarly affected under the corn loan if that program is carried out.

For these reasons, Mr. President, I think we ought to proceed to the enactment of control legislation and of legislation that we understand to be control legislation.

I ask unanimous consent to insert in the RECORD immediately following my address a defense of crop control, written by Prof. Roscoe Pulliam, president of the Southern Illinois State Normal University.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit B.)

EXHIBIT A

MEMORANDUM FROM THE TEXTILE DIVISION

SEPTEMBER 18, 1937.

Subject: Shift in cotton purchases from the United States to other countries in the United Kingdom, France, Germany, and Italy.

The decline in imports of American cotton by the United Kingdom, Germany, France, and Italy during the past 3 years as compared with the preceding decade does not represent altogether a shift to other cotton. The increased takings of other cotton compensated only a portion of the loss suffered by American cotton. On the whole, the smaller imports of American cotton in these countries were part of a decrease in imports of cotton in general for a number of reasons. One of these was the loss in the export trade of cotton goods which was heavy in the case of the United Kingdom and Italy and considerable for Germany and France. Another important reason was the campaign of economic self-sufficiency in Germany and Italy where importation of foreign goods has been discouraged as far as possible with cotton among the principal sufferers. A third reason was the greatly increased use of other fibers. Another factor to be taken in consideration is that the United Kingdom and continental countries, during the past 3 years drew upon the supplies of American cotton in their local warehouses and stocks of American cotton in these countries decreased during this period by about a million bales so that the actual takings of American cotton were larger than indicated by the import figures.

Insofar as American cotton was replaced by other cotton it may be ascribed chiefly to difficulties in connection with making payments in foreign exchange in Germany and Italy; to the more limited free supply of American cotton during the past 3 years as compared with that of former years accompanied simultaneously by a considerably more liberal supply of other cotton resulting from the larger crops in Brazil and some other foreign countries. While, considered as a whole, perhaps it cannot be said that there was an actual shortage of American cotton for foreign consumption, the free supply of particular grades and staples of American cotton was not so plentiful as heretofore and, in the interplay of economic forces in the European cotton markets, the larger supply of other than American cotton gave that cotton some advantage either in price or in ready availability over American cotton.

Statistical material showing imports of American and other cotton for the countries in question and a more detailed discussion, by countries, is attached.

The attached statistical tables show that imports of American cotton increased between 1921 and 1930 in Germany, France, and Italy and decreased somewhat in the United Kingdom. From 1930 to 1933 imports of American cotton declined in all four countries and a heavier reduction in imports has taken place since 1933.

The volume of raw-cotton imports is greatly affected by the domestic demand and existing stocks of cotton goods in the various countries for which there is no satisfactory information, and it is therefore not altogether possible to trace all the causes underlying the annual changes in the cotton imports. The important changes, however, took place in the last 3 years, and in order to facilitate such deductions as may be made from the available data the latter have been summarized in table 5 to show what took place between the 3 years 1934-36 and the preceding decade. That table indicates that, as compared with the preceding 10 years, imports of American cotton in the four countries dropped during the past 3 years by more than 2,000,000 bales, or 43 percent, which bears out the statement made by Senator BANKHEAD in his letter. The heaviest drop (849,000 bales, or 62 percent) took place in Germany, followed by the United Kingdom, France, and Italy.

The deficiency in American cotton was made up, to the extent of about 750,000 bales, by larger imports of other cotton in the United Kingdom and Germany, but not in the case of France, where imports of other cotton remained stationary, and of Italy, where imports of other cotton showed a decrease. Tables 1 and 2 show that the larger imports of other than American cotton in the United Kingdom came mainly from Brazil and India (imports from the latter country possibly having received a fillip from the efforts of the British Government to encourage consumption of Indian cotton undertaken under the Ottawa agreement), while in Germany the larger receipts came mainly from Brazil, Peru, and Argentina, as well as from Turkey, Mexico, and some other countries, much of the cotton having been secured as a result of trade arrangements between Germany and other countries obviating payment in foreign exchange.

The total net change in the cotton imports of the four countries during the last 3 years was a decrease from the average imports during the preceding decade of 1,300,000 bales. It is to be assumed, therefore, that the principal reason for the decline in the imports of American cotton was the general contraction in the effective demand for raw cotton in these countries. About 60 percent of this contraction took place in Germany and Italy, where cotton imports were curtailed owing to the fact their Governments have discouraged the importation of cotton and other products from foreign countries on account of the shortage of foreign exchange with which to pay for foreign goods. Another condition affecting cotton imports in these countries is their curtailed export trade in cotton goods, exports of cotton piece goods from Italy having declined by more than half and those from Germany by nearly one-quarter during the past 12 years. During the same period the United Kingdom lost more than half of her cotton piece goods export trade, and France about a quarter of that trade.

To summarize, the given data show that about one-third of the loss to American cotton in the four countries may be attributed to larger takings of other cotton, while the other two-thirds of the loss must be ascribed to other factors. Of the latter, the curtailed export trade in cotton goods and foreign exchange situation have been mentioned, but another important factor has been the rapid expansion in the production and use of cotton substitutes, particularly rayon and staple fiber. This is illustrated in table 6, which shows that for the comparable periods and for the countries involved the increase in the production of these materials was about 283,000,000 pounds, roughly equivalent to 775,000 bales of raw cotton. While a considerable quantity of these fibers was used as substitute for wool, the bulk went to replace cotton and cotton yarn. In addition, mills in Germany and Italy have utilized cotton waste and shoddy as well as other materials on a much larger scale than heretofore.

According to information supplied by our Division of Foreign Tariffs, the Ottawa Agreements Act was passed by the British Parliament on November 15, 1932, and it became effective, with minor exceptions, on November 17, 1932. As raw cotton was and is on the British free list, no tariff advantage has accrued to any empire supplies as a result of these agreements. However, in the agreement with British India the Government of the United Kingdom undertook to continue its cooperation with British and Indian commercial interests to stimulate the consumption of Indian cotton through technical research, commercial investigation, market liaison, and industrial propaganda.

It is not possible to weigh the effects of such efforts on the importation of Indian cotton into the United Kingdom, especially as the agreement merely gave formal acknowledgment to a movement that had been under way for some years. However, the increase in the United Kingdom cotton imports from that country since 1932 may be a partial result of the interest stimulated in Indian cotton by this agreement.

Technically this agreement was denounced by British India and it terminated on November 13, 1936. By mutual consent the arrangement is still operative, pending the negotiation of a new commercial pact. While the provisions of this projected agreement cannot be prophesied, it would be natural to expect that the present provision for cotton would be continued.

TABLE 1.—United Kingdom—Cotton imports
[1,000 bales of 478 pounds]

	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	3,237	2,661	2,641	2,939	2,631	2,282	3,159	3,083
United States.....	1,291	1,196	960	1,584	1,529	927	1,792	1,907
Other countries.....	1,946	1,465	1,681	1,355	1,101	1,355	1,367	1,176
India.....	487	345	322	229	112	221	184	153
Egypt.....	591	569	577	669	503	535	603	647
Brazil.....	310	125	302	29	3	77	85	54
Peru.....	167	140	184	167	138	138	184	157
Argentina.....	92	51	90	49	81	79	44	10
Anglo-Egyptian Sudan.....	121	115	108	93	129	24	113	28

TABLE 2.—Germany—Cotton imports
[1,000 bales of 478 pounds]

Country	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	1,060	1,430	1,462	1,921	1,728	1,501	1,818	1,305
United States.....	326	345	875	1,444	1,365	1,092	1,465	1,043
Other countries.....	764	1,085	587	477	363	409	353	262
India.....	136	129	160	165	95	166	199	169
Egypt.....	134	181	204	180	152	135	94	67
Brazil.....	159	380	38	-----	1	11	6	3
Peru.....	86	116	52	45	39	47	13	2
Argentina.....	44	66	26	24	22	10	12	5

TABLE 3.—France—Cotton imports
[1,000 bales of 478 pounds]

	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	1,489	1,031	1,071	1,606	1,129	1,074	1,669	1,272
United States.....	870	492	542	1,062	802	622	1,031	845
Other countries.....	619	539	529	544	327	452	638	427
India.....	236	193	193	217	64	137	204	141
Egypt.....	234	214	213	228	158	182	199	166
Brazil.....	67	52	47	-----	-----	10	7	14
Argentina.....	7	10	13	14	13	9	14	4
French colonies.....	31	29	-----	-----	-----	-----	-----	-----
French West Africa.....	12	9	10	7	6	10	17	6
French Equatorial Africa.....	12	14	-----	-----	-----	-----	-----	-----
Other French colonies.....	6	6	-----	-----	-----	-----	-----	-----

TABLE 4.—Italy—Cotton imports
[1,000 bales of 478 pounds]

Country	1936	1935	1934	1933	1932	1931	5-year average	
							1926-30	1921-25
Total.....	466	686	863	1,014	877	786	1,043	885
United States.....	338	401	532	761	676	483	738	594
Other countries.....	128	285	331	253	201	303	305	291
India.....	32	122	147	121	67	168	193	234
Egypt.....	64	134	155	118	106	99	89	82
Brazil.....	13	9	-----	-----	-----	-----	-----	-----
Italian colonies.....	2	4	-----	-----	-----	-----	-----	-----

TABLE 5.—Recent changes in the cotton imports of the United Kingdom, Germany, France, and Italy

	Imports		Change from 1924-33 period			
	10-year average, 1924-33, 1,000 bales	3-year average, 1934-36, 1,000 bales	Increase		Decrease	
			1,000 bales	Per cent	1,000 bales	Per cent
American cotton:						
United Kingdom.....	1,755	1,149	-----	-----	606	35
Germany.....	1,364	515	-----	-----	849	62
France.....	950	635	-----	-----	315	33
Italy.....	688	424	-----	-----	264	38
Total.....	4,757	2,723	-----	-----	2,034	43
Other cotton:						
United Kingdom.....	1,336	1,697	361	27	-----	-----
Germany.....	361	812	451	125	-----	-----
France.....	562	562	-----	-----	-----	-----
Italy.....	303	248	-----	-----	55	18
Total.....	2,562	3,319	757	30	-----	-----
All cotton:						
United Kingdom.....	3,091	2,846	-----	-----	245	8
Germany.....	1,725	1,327	-----	-----	398	23
France.....	1,512	1,197	-----	-----	315	21
Italy.....	991	672	-----	-----	319	32
Total.....	7,319	6,042	-----	-----	1,277	18

TABLE 6.—Production of rayon¹ and staple fiber² in United Kingdom, Germany, France, and Italy

	1936	1,000,000 pounds					5-year average	
		1935	1934	1933	1932	1931	1926-30	1921-25
United Kingdom.....	144	121	92	83	72	54	44	19
Germany.....	190	136	100	72	61	66	48	16
France.....	54	61	62	59	52	44	33	9
Italy.....	196	153	107	85	72	75	57	13
Total.....	584	471	361	299	257	239	182	57
Approximate equivalent in terms of raw cotton (1,000 bales of 478 pounds).....	1,600	1,290	990	800	700	650	500	150

¹ Continuous filament.

² Fiber cut to short lengths and spun like cotton.

TABLE 6.—*Production of rayon and staple fiber in United Kingdom, Germany, France, and Italy—Continued*
RECENT CHANGES

	Production		Increase from 1924-33 period		
	10-year average 1924-33	3-year average 1934-36	1,000,000 pounds	Percent	Approximate cotton equivalent 1,000 bales
United Kingdom.....	48	119	71	148	195
Germany.....	49	142	93	190	255
France.....	35	59	24	69	65
Italy.....	57	152	95	167	260
Total.....	189	472	283	150	775

TABLE A.—*Exports of cotton piece goods from Japan and the United Kingdom, 1924-36*
[In millions of square yards]

Year	United Kingdom	Japan
1924.....	4,444	1,997
1928.....	3,867	1,418
1929.....	3,672	1,791
1930.....	2,407	1,572
1931.....	1,716	1,414
1932.....	2,198	2,032
1933.....	2,031	2,090
1934.....	1,994	2,577
1935.....	1,949	2,725
1936.....	1,917	2,708

¹ Million linear yards.

Source: International Labour Office, Geneva: The World Textile Industry, volume I, page 130.

TABLE B.—*Exports of cotton fabrics¹ from France, 1927, 1932, and 1935*
[In 1,000 quintals]

	1927	1932	1935
To selected colonies ²	351.0	268.0	340.4
To selected foreign countries ³	234.1	25.6	10.8
To other countries.....	199.1	95.8	38.2
To all countries.....	784.2	389.4	389.4

¹ Including curtains, embroidery, lace, etc.

² Algeria, French Indo-China, Madagascar, Tunis, French West Africa.

³ Germany, Switzerland, United Kingdom, Argentina.

Source: Ibid, p. 136.

TABLE C.—*Exports of cotton piece goods from Germany, 1929, 1932, and 1935*
[In 1,000 quintals]

	1929	1932	1935
To selected European countries ¹	30.1	25.9	10.3
To selected countries of British Empire ²	43.5	11.6	13.4
To other selected countries:			
Argentina.....	14.2	1.6	0.5
China.....	5.2	1.4	6.0
United States.....	14.0	3.3	1.2
Turkey.....	9.1	2.7	15.8
To all other countries.....	84.2	33.9	48.5
To all countries.....	200.3	80.4	95.7

¹ Austria, Denmark, Netherlands, Switzerland.

² United Kingdom, Union of South Africa, India, British West Africa.

Exports of cotton piece goods from Italy declined from 567,400 quintals in 1929, to 339,900 quintals in 1932, to 241,900 quintals in 1934, the last year for which complete statistics are available.

EXHIBIT B

A DEFENSE OF CROP CONTROL

Dorothy Thompson protests against the cotton crop-control policy of the Federal Government on the ground that it is economically unsound to impose higher prices on the consumer by reducing the production or otherwise limiting the supply of any good thing. As theory we have no quarrel with this view.

Unfortunately for the cotton growers and for other farmers, they are confronted with some immediately pressing realities that will not wait upon academic theory or upon revolutionary change in all our present ways of doing business.

Miss Thompson's arguments against crop control all rest on the assumption that free competition and unlimited production have actually been the general rule in the United States until the A. A. A. came along and tampered with farm production in order to raise the price of farm products.

In spite of what she says at the beginning of her article, logic compels her to assume that all the things the farmer has to buy in exchange for what he produces are also produced under the same kind of competition he faces, and sold as his products are sold for what they will bring in a market where supply and demand govern prices. This theory, of course, simply does not correspond to the real facts in the case.

Let us take a simple example. In 1918, when the farmers first began to buy automobiles in great numbers, a Ford car cost about \$600 and a bushel of wheat sold for \$3. In other words, a Ford car could be exchanged for 200 bushels of wheat. In 1932 a bushel of wheat brought 30 cents.

Had the rugged individualist's theory of supply and demand been permitted to operate on Ford cars as it did on wheat, Ford cars should then have sold for \$60.

While the farmer continued to produce all the grain he could, and the law of supply and demand was driving the price of a bushel of his wheat from \$3 to 30 cents, it was not permitted to operate on automobiles at all. The automobile industry, sitting safe from foreign competition behind a high tariff wall, and highly centralized at home, had long before worked out its own methods of curtailing the crop of automobiles.

The columnists who weep periodically over the mythical little drowned pigs seldom worry about the idle factory workers and never at all about the unproduced automobiles.

What has been said about automobiles is also true about farm implements, insecticides, fertilizers, insurance, household equipment, and even of many kinds of labor and most professional and other personal services. Production of all these was curtailed so that price could be maintained.

Most devastating of all to the farmer, the boom price levels were also maintained on debts and interest. A thousand dollars borrowed in 1920 represented 350 bushels of wheat, and required 21 or 22 bushels for a year's interest. In 1932 the same debt represented 3,000 bushels of wheat and called for the value of 180 or 200 bushels for interest.

The result of these economic developments has been the gradual impoverishment of the small towns and rural areas, until today in all the great farming regions, there is less and less real wealth each year instead of more and more as there should be.

It is conceivable that in some ideal future state a completely unregulated economic order might work. That this could possibly be brought about in the present generation without violent revolution is a notion too naive to be considered. It would require a reversal of present trends in almost every feature of modern industry from cost accounting to the basic policies of labor unions.

Yet laissez faire cannot continue indefinitely to be applied to some large and important sections of industry, while others operate on the principle of limiting production to control prices, under complete regimentation, not by authorized, elected, responsible government, whose actions all can see, but by an invisible government of a few great financial and industrial leaders.

The real conditions that now actually face us cannot be continued without protecting the unorganized, naturally highly competitive industries. To fail much longer to give this protection will reduce the farmers, the small businessmen and all unorganized workers to a state of peonage, and will cripple the rest of industry, as it has done before, for want of the purchasing power of the underprivileged groups.

A drive through the Cotton Belt, noting the condition both of the landowner and the sharecropper, will show any fair observer how far the process of impoverishment has already gone in one great region.

The least dangerous, the least revolutionary, and the only practical thing to do is for those who depend on the unorganized industries to learn to play the game according to the rules that their organized fellow citizens have made for them. This means that they will organize for their own advantage when they can to meet their disadvantages by cooperation with each other, and to seek enough control of the authorized government so that they may pit it against the unauthorized, invisible government which has been operating industry largely to their disadvantage.

Out of discussions, compromises, and working arrangements among equals, some measure of justice will come. This process is the essence of democracy. It necessarily implies none of the dreadful things that are conjured up by spokesmen of the groups who fear to lose some of the advantages they now believe they hold.

To discuss crop control as if it were the single existing example of curtailment in the production of wealth, to view its implications with alarm without considering with it the tariff problem, the foreign debt, the demoralized condition of European markets—in short, to discuss it at all without considering it as a part of a much larger and infinitely complicated set of problems, is not responsible journalism. (By Roscoe Pulliam, president, Southern Illinois State Normal University, Carbondale, in the St. Louis Post-Dispatch.)

Mr. MCGILL. Mr. President, it shall not be my purpose to occupy a great deal of the time of the Senate in discussing the measure which is now before us.

Mr. McNARY. Mr. President, will the Senator yield so I may suggest the absence of a quorum?

Mr. McGILL. My judgment is that a quorum is present, and I am willing to go forward, because we probably would not have any more Senators present after the call had been completed than we have at this time.

Mr. McNARY. I prefer to send for absent Senators, if the Senator will yield for that purpose.

Mr. McGILL. Very well.

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Hitchcock	Overton
Ashurst	Connally	Johnson, Calif.	Pittman
Austin	Copeland	Johnson, Colo.	Pope
Bailey	Dieterich	King	Radcliffe
Bankhead	Donahay	Lee	Russell
Barkley	Duffy	Lodge	Schwartz
Berry	Ellender	Logan	Schwellenbach
Bilbo	Frazier	Loneragan	Sheppard
Bone	George	Lundeen	Shipstead
Borah	Gerry	McAdoo	Smathers
Bridges	Gibson	McCarran	Smith
Brown, Mich.	Gillette	McGill	Stelwer
Brown, N. H.	Glass	McKellar	Thomas, Okla.
Bulkley	Graves	McNary	Thomas, Utah
Bulow	Green	Maloney	Townsend
Burke	Guffey	Miller	Truman
Byrd	Hale	Minton	Vandenberg
Byrnes	Harrison	Murray	Van Nuys
Capper	Hatch	Neely	Wagner
Caraway	Hayden	Norris	Walsh
Chavez	Herring	O'Mahoney	White

Mr. MINTON. I reannounce the absence of Senators as heretofore announced by me today for the reasons then assigned.

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. McGILL. Mr. President, it is not my purpose to take much of the time of the Senate to discuss this bill. In my judgment the Senator from Idaho [Mr. POPE] has very thoroughly and carefully explained the details and provisions of the bill as it pertains to the commodities of wheat and corn; and I feel that the Senator from Alabama [Mr. BANKHEAD] today has very thoroughly and fully explained its provisions so far as the commodity of cotton is concerned. It is my understanding that later on the Senator from Louisiana [Mr. ELLENDER] will explain the provisions which have to do with rice and tobacco, concerning which he has given special attention.

Coming from what I regard as being one of the principal agricultural States, I feel I should give to some extent my attitude on the measure, and discuss in a brief way the hearings which have been held and which had to do largely with the provisions of the bill.

Prior to the time the Congress adjourned at the end of the last session, as has been referred to by the Senator from Alabama and by the Senator from Idaho, the Congress passed a joint resolution. There are some provisions of that joint resolution to which I desire to make reference. In it the Congress stated:

(1) That farmers are entitled to their fair share of the national income;

(2) That consumers should be afforded protection against the consequences of drought, floods, and pestilence causing abnormally high prices by storage of reserve supplies of big crop years for use in time of crop failure;

(3) That if consumers are given the protection of such an ever-normal-granary plan, farmers should be safeguarded against undue price declines by a system of loans supplementing their national soil-conservation program;

(4) That control of agricultural surpluses above the ever-normal-granary supply is necessary to safeguard the Nation's investment in loans and to protect farmers against a price collapse due to bumper yields resulting in production beyond all domestic and foreign need;

(5) That the present Soil Conservation Act should be continued, its operations simplified, and provision made for reduced payments to large operators on a graduated scale to promote the interest of individual farming;

(6) That, linked with control of agricultural surpluses, there should be research into new uses for agricultural commodities and

the products thereof and search for new uses, new outlets, and new markets at home and abroad.

This joint resolution was first passed by the Senate on August 13, the day on which it was reported as an original joint resolution; was finally passed by the House of Representatives on August 20, and was finally passed by the Senate on August 21. The bill, which was introduced by the Senator from Idaho [Mr. POPE] and myself, known as Senate bill 2787, was introduced in this body on the 15th day of July; and the action taken by the Senate and by the House in passing the joint resolution to which I have referred took place following the introduction of the bill and, in my judgment, set forth practically the fundamentals of the bill now before us.

Following the introduction of the bill there was reported to the Senate by the Senator from South Carolina [Mr. SMITH], the chairman of the Committee on Agriculture and Forestry, an original resolution framed by that committee known as Senate Resolution 158. This resolution was reported on the 23d day of July, following the introduction of the bill by the Senator from Idaho [Mr. POPE] and myself. It was agreed to by the Senate on the 10th day of August of this year, within 3 days prior to the time the Senate first passed the joint resolution of the two Houses, and what did the Senate resolution provide?

Among other things, it provided:

That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed to conduct investigations and draft legislation to maintain both parity of prices paid to farmers for agricultural commodities marketed by them for domestic consumption and export and parity of income for farmers marketing such commodities; and, without interfering with the maintenance of such parity prices, to provide an ever-normal granary for each major agricultural commodity; and to conserve national soil resources and prevent the wasteful use of soil fertility; and, in particular, so to consider S. 2787. The committee shall report to the Senate, within 1 week from the beginning of the next session of Congress, the result of its investigations, together with its recommendations for legislation upon the subject covered by this resolution.

Reference has been made from time to time in the course of debate to the fact that special consideration had been given by the subcommittee of the Senate Committee on Agriculture and Forestry to Senate bill 2787. After Senate Resolution 158 was agreed to, subcommittees of the Committee on Agriculture and Forestry were appointed by the chairman of the committee. It so happened that he designated me as chairman of a subcommittee consisting also of the Senator from North Dakota [Mr. FRAZIER], the Senator from Idaho [Mr. POPE], and, if I am not mistaken, the Senator from New Jersey [Mr. MOORE]. The Senator from Louisiana [Mr. ELLENDER] worked with that subcommittee a portion of the time. It was understood that we were to hold hearings in the States in which corn and wheat were the major surplus commodities, or at points where farmers from those States could best be heard. With that understanding in view, we held hearings for 3 days at Spokane, Wash.; for 3 days at Boise City, Idaho; for 1 day at Great Falls, Mont.; for 2 days at Grand Forks, N. Dak.; for 2 days at St. Paul, Minn.; for 3 days at Sioux City, Iowa; and for 4 days in my home State of Kansas. We then held hearings for 2 days at Columbus, Ohio, and later for 2 days in New York.

Our schedule was made for all of these engagements, other than the ones at Columbus, Ohio, and later in New York, prior to the time we started the holding of hearings at Spokane, Wash. The Senator from Idaho [Mr. POPE] largely had charge of arrangements for the hearings at Spokane, and I am satisfied from the large number of farmers who attended those hearings that it was well known not only in the State of Washington, but in the State of Oregon, and in northern Idaho, when and where the hearings were to be held. They were well attended, and we heard from every farmer it was possible for us to hear from during the 3 days we were there.

Witnesses or farmers appeared from all of the States I have mentioned at the hearing in Spokane. Farmers ap-

peared in Boise city, Idaho, from the other parts of Idaho, from Utah, Nevada, and parts of Wyoming. At Great Falls, Mont., they appeared not only from Montana, but farmers appeared from Wyoming and some from the State of Nevada.

At Grand Forks, N. Dak., farmers appeared from western Minnesota and from throughout the State of North Dakota. At Sioux City they appeared from South Dakota, Nebraska, and Iowa, and in Kansas they appeared from Kansas, Colorado, and some from the State of Oklahoma came to the hearings in Kansas.

At Columbus, Ohio, we heard farmers from the States of Indiana, Michigan, and Ohio. In New York State farmers came from all the northeastern States except Delaware.

The subcommittee heard from farmers from 29 of the States of the Union. It must be conceded, therefore, I think, that not only were fair hearings held, but they were rather complete hearings, and in my judgment that method of holding hearings is the best way to ascertain the viewpoint of those engaged in agricultural pursuits as to the form legislation should take.

Mr. BONE. Mr. President, was there any unanimity of opinion among these farmers or anything approaching unanimity of opinion for crop control? I am very curious about the reaction the Senator got from the meetings he held. I know they were interesting gatherings.

Mr. McGILL. I think so; and I hope to reach that point in just a moment in my discussion.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. McCARRAN. I should like to ask the Senator whether at these meetings to which he has made specific reference there was any particular group of farmers present as distinguished from other groups. In other words, did it impress the Senator that a certain group of farmers were appearing while others were not making an appearance?

Mr. McGILL. No; I was not so impressed. I was impressed with the fact that farmers generally came, and I think that the printed records of the hearings will show that. I hope the transcript of the hearings may be here tomorrow, at least. All the portions with which I had anything to do I corrected several days ago in order that they might be printed. They will disclose the fact that the majority of the farmers who appeared before the subcommittee did not belong to any farm organization.

So far as farm organization groups are concerned, in the State of Washington, let us say, I think the larger portion of those who attended were members of the Grange. Some were members of the Farmers' Union. I think those from Oregon came both from the Farmers' Union and the Grange. As I recall, those were the dominant farm organizations of those States. I may be in error about that, but that is my recollection. In some of the other States there would be more of one group, probably, than of another. But I was not impressed that the hearings were dominated by any particular group.

I wish to go further with that. Reference has been made in the course of the debate to the fact that special emphasis was given by the subcommittee to Senate bill 2787. At each one of the meetings, on the opening day, with the exception of the hearings held at Boise City, Idaho, and Grand Forks, N. Dak., the Senator from Idaho [Mr. POPE] presiding in Idaho and the Senator from North Dakota [Mr. FRAZIER] in North Dakota, I stated to all those assembled who had come to be heard that the hearings were not limited to the scope of any particular bill pending in Congress, that they were not limited to any bill, that witnesses or farmers were at liberty to give their viewpoints as to the form farm legislation should take, whether or not their views were reflected by any bill pending in the National Congress.

Further than that, I called attention to some of the bills that were pending. I called attention to the bill introduced by the Senator from California [Mr. McADOO]. I called attention to the bill introduced by the Senator from Idaho [Mr. POPE] and myself. I called attention to a bill which

was introduced, I think, by the Senator from Iowa [Mr. GILLETTE], and I think a similar bill was likewise introduced in the House of Representatives.

I called attention to such bills as were then pending and emphasized the point that the hearings were not limited to the scope of any bill; that all persons appearing were entitled to give their views, and that if they could not cover their viewpoint within the time they were allowed for oral discussion, they would be allowed, in addition thereto, to prepare in writing any additional material they might wish the committee to have, and either file it with the subcommittee or forward it to the clerk of the United States Senate Committee on Agriculture and Forestry, and that it would be considered a part of the proceedings.

Mr. McCARRAN. Mr. President, will the Senator yield further?

Mr. McGILL. I yield.

Mr. McCARRAN. In the hearings that were conducted, to which the Senator has made reference, do any particular agency or individual appear to arrange the list of speakers or call the speakers who addressed the committee?

Mr. McGILL. As I have said, the Senator from Idaho [Mr. POPE] largely had charge of the arrangements with reference to the committee hearings held at Spokane and Boise City, Idaho. The hearing at Great Falls, Mont., was arranged while we were holding our hearing at Spokane. The clerk of our committee gave notice to every farm organization in Montana and surrounding States—that is, he sent word to the heads of such organizations and gave notice to State officials and Members of Congress.

To some extent I had to do with arranging the proceedings at Grand Forks, N. Dak., St. Paul, Sioux City, and in my home State, and I took the precaution to write a letter to every Member of Congress from the States of North and South Dakota, Nebraska, Kansas, Iowa, and Minnesota, inviting them to have appear before the committee two or three farmers of their districts whom they might regard as well informed on agricultural matters.

In addition to that I wrote to the president of the Farmers' Union of each one of those States and the master of the Grange of each State, and to the president of the Farm Bureau Federation of each State, and where the State had a department of agriculture, I communicated with that department of agriculture, making a similar request to that made of the Members of Congress. So that it must be apparent that there was no such thing as allowing these hearings to be in the hands of any particular group or any particular organization.

Mr. McCARRAN. In view of the fact that I have read in the press, as I suppose others have read, that certain agricultural organizations are opposed to the pending measure, while others favor it, I should like to ask the Senator whether that fact was brought out at the hearings. I ask, by way of illustration, whether the National Grange, for instance, opposed legislation of this kind, while, we will say, the American Farm Bureau Federation supported it, or vice versa?

Mr. McGILL. That would depend, I may say in response to the Senator, on the State about which there might be inquiry.

I feel, and I believe the Senators from that State will concur with me, that in the State of Washington the Grange favored the bill. I think it is also true in the State of Ohio that the State master of the Grange was stronger for the bill than was the president of the Farm Bureau of Ohio. As a matter of fact, I felt that the president of the Farm Bureau of Ohio was opposed to the bill but that the State master of the Grange of Ohio was in favor of it. In some of the other States it will be found that the reverse is true. In my judgment, the bill is favored largely by the Farm Bureau, and many of its principles have now been endorsed by the Farmers' Union in their national convention held in Oklahoma City recently.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. McGILL. I yield.

Mr. SCHWELLENBACH. At this point in the Senator's remarks I should like to ask unanimous consent to insert in the RECORD resolutions by Wilson Creek Grange, No. 935, Wilson Creek, Wash., on this subject, and to state that in my opinion the resolutions very definitely express the opinion and wishes of the Grange of the State of Washington as expressed to me in dozens of letters I have received.

Mr. MCGILL. If the Senator from Washington proposes to insert those resolutions in my remarks, I ask what was their attitude with reference to the bill.

Mr. SCHWELLENBACH. Their attitude was very definitely in favor of the bill and the principles of the bill. A week ago Saturday the State master of the Grange of the State of Washington was in the city of Washington, and he stated without qualification that the Grange of the State of Washington was in favor of this legislation and its principles.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

WILSON CREEK GRANGE, No. 935,
Wilson Creek, Wash., October 23, 1937.

"Whereas it is very evident that farmers are not receiving a parity price for their products; and

"Whereas the prosperity of all farmers and laborers is either directly or indirectly greatly dependent upon the buying power of the farmers; and

"Whereas the President of the United States has called a special session of the Congress for November 15 to consider farm legislation: Therefore, be it now

"Resolved by Wilson Creek Grange, No. 935, assembled in regular session, That we ask our Senators and Representatives to do their utmost in effecting passage of legislation that will give the farmers of the United States crop control together with protection for the consumer, and a parity price for farm products; be it further

"Resolved, That a copy of this resolution be mailed to each of our Senators, to our Representative, to Grant County Pomona Grange, to Grange News, to National Master Brother Louis Taber, also to State Master Brother Ervin King.

"ARCHIE ZECKLER,
"L. F. LORENTZEN,
"J. J. BRYANT,
"Resolution Committee."

Adopted by Wilson Creek Grange, No. 935, without a dissenting vote.

[SEAL]

C. F. MORDHORST, Master.
ROLAND FIESS, Secretary.

Mr. MCGILL. Mr. President, I also desire to state that in the State of Idaho—and if I am not correct the Senators from Idaho who are both on the floor will correct me—the State master of the Grange appeared before the committee in opposition to the bill. Recently he was sent as a delegate to the national convention of the Grange, and was instructed by his State organization to vote in favor of the principles embodied in this bill.

Mr. MCCARRAN. Mr. President, will the Senator yield at that point?

Mr. MCGILL. I yield.

Mr. MCCARRAN. In order that we may be enlightened upon this matter, and in view of certain reports that have come to some of us, did the Senator find at the hearings that the extension agents or the Extension Service was particularly active either one way or the other?

Mr. MCGILL. Soil-conservation committeemen appeared before the committee. One or two members of the extension services may have appeared. I do not recall that any representative of the extension department of any particular college ever appeared. If my recollection serves me right, possibly one such representative in the State of North Dakota did appear. My judgment is that no others appeared.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Idaho?

Mr. MCGILL. I yield.

Mr. BORAH. When and where was it that the master of the State Grange of Idaho was instructed to vote for this measure?

Mr. MCGILL. It is my understanding that he was elected as a delegate to the national conventions since we held the

hearings. That was done at Lewiston, I believe. He was instructed to vote in his national convention contrary to the views expressed by him at the time the subcommittee was in Idaho, and in favor of the principles of this bill. Another delegate was elected to go along with him, and both of them had the same instructions. I was advised of that fact not only through reading of it, but the other delegate from Idaho told me that those were their instructions.

Mr. BORAH. I followed the meetings of the convention at Lewiston, and did not see that in the resolutions. I only know that while the convention might have controlled the vote to the master of the Grange it did not control his mind, because he is still opposed to the bill.

Mr. MCGILL. I did not intend to say that the instructions he received from his State organization reflected his mental attitude, but they certainly reflected the attitude of the Grange of the State of Idaho.

Mr. BORAH. I did not discover anything to that effect in the proceedings at Lewiston. I shall find out, so that we may have the absolute record.

Mr. MCGILL. I shall be glad if the Senator will do that.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. MCGILL. I yield for a question.

Mr. McNARY. So long as we are discussing this subject, it might be well—

Mr. MCGILL. I yield for a question only. I am going forward soon with my remarks, and request not to be interrupted until I conclude them; but at this time I am perfectly willing to yield for a question. I do not yield for the purpose of allowing the Senator from Oregon to make a speech in my time.

Mr. McNARY. If the Senator desires to discriminate between the Senator from Washington [Mr. SCHWELLENBACH] and the Senator from Oregon, I am prepared to yield to that desire. The Senator from Kansas permitted the Senator from Washington to express his views concerning the Grange's attitude in that State. I wish to express the Grange's attitude in my section; but inasmuch as the Senator does not desire me to make that a part of the RECORD, I shall do it in my own time.

Mr. MCGILL. I think the Senator should do it in his own time.

Mr. McNARY. I also shall remember the discrimination practiced.

Mr. MCGILL. I did not intend to discriminate against the Senator from Oregon, and I do not believe he has been very much discriminated against by what I have done. It certainly must be apparent that to rise on the floor of the Senate in my time and ask to discuss the proceedings of the convention of the National Grange is hardly a proper interruption of one Senator by another.

Mr. BONE. Mr. President, will the Senator yield?

Mr. MCGILL. I yield.

Mr. BONE. It is going to be necessary for some of us to see a part of this picture through the eyes of the Senator from Kansas, who had the advantage of going about the country and interviewing a great many farmers and farm groups; and when the Senator is discussing the bill I hope he will also go beyond my request made a few minutes ago and enlighten us as to whether or not the farmers, for instance, producing one commodity, like wheat, had some unanimity of opinion as to how that commodity should be handled. I am very curious about that, because my State is a wheat producer. Other States are great wheat producers. I am very curious as to whether those farmers had any unanimity of opinion at all as to any mode of procedure in handling surplus crops.

Mr. MCGILL. I did wish to make a statement with further reference to the hearings, and then I shall be glad to pass from that portion of the discussion.

Insofar as concerns the question of the subcommittee in its hearings emphasizing Senate bill 2787, I do not think that was done beyond questioning farmers who appeared before the committee who made reference to the principles

involved in the bill or to the bill itself. If the bill was referred to by members of the subcommittee more than any other bill pending in Congress, the committee was doing nothing other than to carry out the instructions of the Senate in the Senate resolution authorizing and directing the hearings, and directing the committee to give particular attention to that bill.

So I feel that all reference heretofore made to partiality with reference to notice of the hearings of the subcommittee, and opportunity for persons to be heard, is fully and completely answered by our statement that we had farmers appear before us from 29 of the agricultural States.

Mr. President, I have views on this measure that I do not believe are at variance with any of those expressed by other proponents of the bill in the Senate who have preceded me; but I do wish to discuss the measure in my own peculiar fashion, and to give my views with reference to some of its provisions. During that period I should prefer not to be interrupted, because I would like my statement clearly to reflect my views in chronological order.

Mr. President, the objective of the bill is to regulate interstate and foreign commerce in cotton, wheat, corn, tobacco, and rice to the extent necessary to provide such adequate and balanced flow of such commodities as will maintain a parity of prices, and thereby a parity of income, to the farmers producing such commodities marketed for domestic consumption and export and, insofar as will not interfere with the maintenance of parity prices, provide an ever-normal granary for wheat and corn and conserve national soil resources and prevent the wasteful use of soil fertility.

"Parity," as applied to prices for such commodities as is stated in the bill, is to be that price for the commodity as will give to the commodity a purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the period from August 1909 to July 1914. Except as to tobacco, the period shall be from August 1919 to July 1929, the theory being that the purchasing power of such commodities shall be the general average purchasing power such commodities had during such base periods; that, if parity of prices is attained to the producers of such commodities, it will thereby bring to pass a parity of income to such producers.

As contemplated in the bill, interstate or foreign commerce means sale, marketing, trade, and traffic between any State or Territory or the District of Columbia or Puerto Rico, and any place outside thereof, or points within the same State or Territory or within the District of Columbia or Puerto Rico through any place outside thereof, and the term "affect interstate or foreign commerce" means, among other things, in such commerce, or to burden or obstruct such commerce or the free and orderly flow thereof, or to create or tend to create a surplus of any such agricultural commodity which burdens or obstructs such commerce or the free and orderly flow thereof.

It will be observed that to attain parity of prices to the farmers producing such agricultural commodities as are specified in the bill would mean that such commodities at all times have the same purchasing power with regard to articles that farmers buy as those commodities had in the base period. Prices of articles farmers buy reflect increases in industrial wages, costs of living, and production generally, and, therefore, to attain a parity of prices would mean that the farm price for either of such commodities would follow and keep pace with the rise and fall of the farmer's cost of living and production, all with regard to the cost of articles that farmers buy. It is a theory of the bill that for any given period or throughout the years farmers will not only attain a much larger income but also more of a stabilized income if the selling prices of their commodities are brought more in harmony with costs of living and production than for them to receive peak prices during periods of scarcity when there is a small quantity of farm products to sell and depression prices during years of overabundance.

The provisions in the bill as to wheat and corn contained in title I with reference to an ever-normal granary should not be misconstrued. The language of the bill is clear in its provisions wherein it is stated that it is the policy to provide an ever-normal granary for wheat or corn when such a policy would not interfere with the maintenance of parity prices. The language is:

Without interfering with the maintenance of such parity prices provide an ever-normal granary for each such commodity.

It is against the philosophy of the bill to build up abnormal surpluses. It is the philosophy of the bill to attain parity prices. A fair construction of the bill is that with regard to either wheat or corn the policy is to be to adjust production of those commodities for the control of surpluses to the point where there will be for market and marketed normally what the domestic and foreign markets require and will take, plus a normal carry-over not too large as to interfere with parity prices.

There are, for example, different classifications, types, and grades of wheat which are in a sense separate commodities and, if this bill should become the law, may be treated as separate commodities if such treatment is necessary in order adequately to effectuate the policy of this act with respect to market classification, type, or grade. The white wheat of the Northwest, the soft red winter wheat, hard red winter wheat, and durum wheat could be treated as separate commodities. We frequently find ourselves short of an adequate supply of durum or high-protein wheat, such as is produced in States like North Dakota and Montana. The wheats imported are of that type, and are necessary for blending with other wheats in order for the millers to make the high-grade flour used by our people. It would seem proper to store in granaries any surplus we may have of that type of wheat if there be years in which we produced more than our market requirements. Of the other wheats we never have a shortage, and to my mind no granary would be necessary other than what might be termed, and as heretofore has been considered as, a "normal carry-over." This, to my mind, is in line with the viewpoint of the Secretary of Agriculture, Mr. Wallace. Let me quote from a speech delivered by him in my home city of Wichita, Kans., on Tuesday the 23d of this month, on the subject of A National Wheat Program:

Any adjustments in wheat acreage beyond the needs of soil conservation should not be construed as an effort to control the world price of wheat. The United States production of wheat is only one-fourth of that of the world, and naturally we cannot hope to control the world price. But, since the price of wheat in the United States is responsive not only to the world market but to conditions at home, it is important to guard against the piling up of supplies so great as to cause a price collapse. Hence the provision for wheat acreage goals.

The third part of the program would be the creation of an ever-normal granary for at least the hard wheats. Such a granary would not be needed for the white wheat of the Northwest, of which there is practically always an exportable surplus, or for the soft red winter wheat, which is always available in plentiful quantities.

But a granary for the hard wheats of the Great Plains would be very useful. The hard red wheats are in demand by the mills of this and foreign countries for mixing with the soft red wheat.

If production is adjusted so as to bring to pass an adequate and balanced flow of the commodities of wheat and corn such as is contemplated by the provisions of title I of this bill, which are in line with the views expressed by the Secretary of Agriculture, it will mean the attainment of approximately parity prices for wheat and corn on the markets of this country; and if that end be attained, and it can be, the cost to the Government under title I, pertaining to wheat and corn, will be only nominal in addition to the administrative expense and well within the cost at least for those commodities of the present soil-conservation program.

If the average market price for the year is parity or above parity or as high as the maximum income rate provided in schedule A, there would be no parity payments and the surplus reserve loans would be more than adequately secured. I mean by this that the surplus reserve loans become

available to the producer at the beginning of the marketing year. The parity payments are not due until the end of the marketing year. If parity or above parity, or even the maximum income rate set forth in schedule A, is attained and maintained on a general average for the entire year on the markets of the country for wheat and corn, no parity payment would then be due to the producers of such commodities, and if surplus reserve loans had been made at the beginning of such marketing year, their repayment would be assured. This is the philosophy of the bill insofar as parity prices, reserve loans, and parity payments are concerned, and if followed will result in great value not only to the producers but to all elements of our society, as well as an adequate and balanced flow of such commodities into both interstate and foreign commerce.

It is not my purpose in these remarks to treat in detail with provisions of the bill section by section for the reason that its details have been so amply and ably explained by the junior Senator from Idaho [Mr. POPE], and as matters pertaining to them will doubtless arise upon the consideration of the various committee and other proposed amendments to the bill, but I do wish to impress upon the Senate, if I may, the objectives of the bill and the reasonableness of accomplishing their attainment.

Under the provisions of the bill a normal year's domestic consumption shall be the average quantity of the commodity produced in the United States that was consumed in the United States during the preceding 10 marketing years adjusted for current trends in such consumption. A normal year's exports shall be the yearly average quantity of the commodity produced in the United States that was exported from the United States during the preceding 10 years adjusted for current trends in such exports. A marketing year for wheat is from July 1 of one year to June 30 of the following year; for corn from October 1 of one year to September 30 of the succeeding year. Total supply of wheat or corn is the carry-over at the beginning of the marketing year plus the estimated production thereof in the United States during the calendar year in which such marketing year begins. In this connection it is important to note that the normal supply for wheat is a normal year's domestic consumption and exports plus 10 percent thereof as an allowance for a normal carry-over, and for corn it is a normal year's domestic consumption and exports, which means that a normal supply for wheat is established at about 750,000,000 bushels and corn 2,375,000,000 bushels.

Under the terms of the bill, if the Secretary of Agriculture shall find as of the beginning of a marketing year that the total supply of wheat will exceed the normal supply of 750,000,000 bushels by more than 10 percent, he shall proclaim the amount of such total supply and on the 15th day after such proclamation a marketing quota as to that commodity shall be in effect subject to the referendum clause of the bill, and the same principle applies with reference to percent of normal supply and marketing quotas in regard to the commodity of corn.

If adjustment of production and marketing quotas are employed to provide a normal, adequate, and balanced flow of such commodities into interstate and foreign commerce, it is my contention that then and in that event there will be approximately parity prices on the markets of this country for such commodities and that small or no parity payments by the Government will be required on them or either of them, and no losses could be sustained by reason of surplus reserve loans made at the beginning of the marketing year on either of said commodities. This end, in my judgment, can be attained, and at the same time provide adequate supplies for domestic consumption and all profitable exports.

The interests of the small farmer, to my mind, are cared for in this title, wherein it is provided with reference to wheat and corn that neither of those commodities shall be deemed to be produced for market whenever the amount thereof produced and consumed annually on the farm is

more than 75 percent of the normal yield, and that whenever in case of corn the normal yield on the soil-depleting base acreage is less than 300 bushels and in wheat is less than 100 bushels and the acreage devoted does not exceed the base acreage.

It is a policy of the bill to go forward with conserving our national soil resources, and to do so, among other methods, through preventing the production of surpluses which expend our soil fertility without commensurate return to the farmer or the public, and for which there are no adequate markets, present or prospective.

Soil Conservation Act payments are not to be made to non-cooperators who are eligible to become such, and in lieu of payments under such act with respect to wheat and corn produced for market cooperators shall receive the parity payments under adjustment contracts, provided that if for any year an eligible farmer produces no wheat or corn for market, but devotes to soil-conservation uses the acreage customarily devoted to such production, such farmer would then be entitled to Soil Conservation Act payments, whether or not he had become a cooperator. It is my contention that this measure would assure to the producer of the commodities of wheat and corn substantially a parity return for normal supplies of such commodities; that such return is fair to all elements of our population and tends toward the promotion of national prosperity. A parity price for wheat and corn would tend to eliminate violent fluctuations in the cost of feedstuffs. This, it would seem to me, would be of great value to the dairy and livestock farmers by stabilizing the price for said products and would tend toward dairy and livestock farmers obtaining a parity income.

In maintaining parity price and thereby parity of income the importance of the direct effect upon maintaining such price of the surplus reserve loans is vital in that they will permit more orderly marketing and enable the farmer to withhold and store a large part of the normal carry-over.

The base acreage established by the bill for each of the commodities of wheat and corn is approximately the average acreage during the past 10 years necessary for the production of the quantities of each of said commodities contemplated under the terms of the bill and are sufficiently large to cover an aggregate base acreage equal in amount to that recognized under the existing Soil Conservation and Domestic Allotment Act. The national base acreage is to be allotted among the States on the basis of the acreage devoted to production of the commodity during the preceding 10 years with adjustments for abnormal weather conditions and trends.

The State acreage is allotted among counties in local administrative areas within the State. The local allotments are allotted among the farms within the area through local committees of farmers, to be equitably adjusted by the committee among such farmers, the adjustment to be made on tillable acreage, type of soil, topography, and production facilities.

To my mind the administration of this measure, other than by employees of the Department of Agriculture, by the farmers in the several States and localities, is important for the reason that it would seem to give the farmer the largest practicable control in the administration of the provisions of the bill. The Secretary of Agriculture would be required to use State committees selected by the farmers of the States and local committees selected by the farmers of a county.

We are beginning now to hear from those, the great majority of whom are not farmers, but who contend that any agricultural program calculated to be of real and substantial value to the producers of agricultural commodities is coercive and destructive of freedom. It should be borne in mind that there is not much liberty or freedom of action to the producer whose farming operations must be carried on under economic conditions which cause him to sustain a financial loss each year in carrying on his business. Farmers are entitled to receive their fair share of the national income. The facts are that today the farmers constitute approximately 30 percent of our population and are receiving ap-

proximately 11 percent of our national income. It has long been a recognized fact that the agricultural industry is the basic industry of the Nation and that, without it, other industries could not thrive or survive. It is of paramount importance to every citizen of the land that this great industry be able to go forward on a paying basis.

Mr. GILLETTE rose.

Mr. MCGILL. If I may conclude in just a moment, I shall then be glad to be interrupted by the Senator, and answer any questions I am able to answer.

Mr. GILLETTE. Very well.

Mr. MCGILL. Any reasonable-minded person must agree that the economic factors affecting agriculture should be such as to enable one engaged in farming, who diligently applies himself to his farming operations, regardless of the location of his farm, to derive from his efforts not only the cost of his farming operations but a reasonable and fair profit in addition thereto; and this should be so whether his cost of operations are of the general average cost in the country or otherwise.

The economic maladjustment of agriculture has been recognized in the party platforms of both of the major political parties over a long period of years with pledge upon pledge to adjust the economic factors adversely affecting the farmers of the country to the end that they may be placed upon an economic equality with other industries.

Insofar as adjustment contracts are concerned to bring production and supply more nearly in line with both domestic and foreign market requirements, virtually all farmers appearing before the subcommittee which held hearings in the wheat- and corn-growing sections of the country, testified that they regarded such a program as wholly voluntary and in no wise coercive and that they had at all times so regarded such a program. These farmers further stated their view to be that farming, which constitutes the agricultural industry, is national in scope rather than local; that the economic factors affecting farmers in no wise are, or can be governed or controlled within State lines; and that by reason of the great number of farmers throughout the country, it is impossible for them to organize and place their industry on a business basis, as is possible in other industries, without the aid of legislation at the hands of the National Congress.

Farmers cannot, as manufacturers do, control their output in order to maintain a fair standard price. The farming population is entitled to have enacted in its behalf by the National Congress a law providing an avenue whereby the great industry of agriculture can be placed by those engaged in it on a business basis. In no other way can the agricultural industry prosper and thrive; and when it does prosper and thrive national recovery will soon be an accomplished fact.

In my judgment, this bill is not only a long step in the right direction, but it is a direct and long step toward attaining the desired goal for the farmers of the country. That it is perfect, no one will contend; but it does provide, in my judgment, the best program thus far proposed. The time is here when the pledges often made to the farmers of the country should be fulfilled to the utmost of our ability to fulfill them.

In my judgment, this bill, being one to regulate interstate and foreign commerce in the commodities designated in the bill to the extent necessary to provide an adequate and balanced flow of such commodities in interstate and foreign commerce, and thus being based on the commerce clause of the Constitution, as it should be, is well within constitutional limitations and within the power of the Congress to enact it.

I do not propose to enter upon a detailed discussion of the constitutionality of the measure, as that would be only a reiteration of what has been said on this floor in the course of debate thus far, and constitutes a phase which has been well and ably covered by the junior Senator from Idaho [Mr. POPE]; but my purpose is to emphasize the general philosophy

of the bill and the practicability of its administration. That it is constitutional, I have no doubt, and I contend that it falls well within the principles involved in the opinions handed down by the Supreme Court upholding the validity of the Labor Relations Act.

I am not unmindful of the decision of the Supreme Court in the Hoosac Mills case holding the original Agricultural Adjustment Act unconstitutional. The issue here involved, however, was not involved in that decision, as was expressly stated in the majority opinion. Referring to section 8 of Article I of the Constitution the Court said:

The third clause endows the Congress with power "to regulate commerce * * * among the several States."

Despite a reference in its first section to a burden upon, and an obstruction of the normal currents of commerce, the act under review does not purport to regulate transactions in interstate or foreign commerce. Its stated purpose is the control of agricultural production, a purely local activity, in an effort to raise the prices paid the farmer. Indeed, the Government does not attempt to uphold the validity of the act on the basis of the commerce clause, which, for the purpose of the present case, may be put aside as irrelevant.

It is well to note that that legislation was sought to be upheld by the Government through the taxing power conferred upon the Congress to provide for the general welfare.

Insofar as agricultural production being a local matter is concerned as involved in the constitutional question before us, it should be considered in the light of the decisions of the Court and in their opinions upholding the validity of the Labor Relations Act.

In the Jones & Laughlin Steel Corporation case, decided April 12, 1937, the Court in the syllabus said:

Although activities may be intrastate in character when separately considered, if they have such a close and substantial relation to interstate commerce that their control is essential or appropriate, to protect that commerce from burden and obstructions Congress has the power to exercise that control.

The Court further said in the syllabus:

The close and intimate effect which brings the subject within the reach of Federal power may be due to activities in relation to productive industry although the industry when separately viewed is local.

The Court in the opinion stated:

Although activities may be intrastate in character when separately considered if they have such a close and substantial relation to interstate commerce that their control is essential or appropriate, to protect that commerce from burdens and obstructions Congress cannot be denied the power to exercise that control.

I contend that if the laborer engaged at a steel plant or in a drygoods manufacturing concern whose labor in producing is entirely local in character as was true in the cases involved in the decisions of Jones & Laughlin and Freedman, Harry Marx Clothing Co., is so related to interstate commerce by reason of the fact that a certain percentage of the production of such laborers' work later would be transported in interstate commerce, then certainly it must be held that agricultural production which flows from the farms of every State in the Union into interstate commerce throughout the several States is likewise within the commerce clause of the Constitution and within the power of the Congress to legislate concerning it.

Mr. President, I have occupied the floor longer than I had intended, but I did wish to state my conclusions as to the philosophy of the bill in such a way that I could not be misunderstood.

Mr. GILLETTE. Mr. President—

The PRESIDING OFFICER (Mr. MINNIN in the chair). Does the Senator from Kansas yield to the Senator from Iowa?

Mr. MCGILL. I yield.

Mr. GILLETTE. In the course of the Senator's remarks, when he was referring to the administrative provisions of the bill, I think he inadvertently stated that it was to be administered by the county committees and State committees selected by the farmers themselves. The bill does not so

provide, I am sure the Senator will recall. The administrative units are to be selected by the administrative committees. The county committees are to be composed of the chairmen of the administrative committees, and the State committee is to be selected by the Secretary of Agriculture, and not selected by the farmers, as provided on page 75.

Mr. MCGILL. I have in mind subdivision (b), line 15, on page 73, as follows:

The Secretary shall designate local administrative areas as units for the administration of programs carried out pursuant to this title, the Soil Conservation and Domestic Allotment Act, and such other agricultural laws as he may specify. Farmers having farms lying within any such local administrative area, and participating or cooperating in programs administered within such area, shall elect annually from among their number a local committee for such area.

That is what I had in mind, that the farmers would have opportunity of selecting the committee.

Mr. GILLETTE. The chairmen of the local committees, then, shall constitute the county committee. The State committee is to be selected by the Secretary of Agriculture. I know the Senator inadvertently referred to that.

Mr. POPE. Mr. President, let me ask the Senator whether this is not his construction of the bill, in a large way, with reference to corn and wheat. There is first provided a purely voluntary way in which the farmers may reduce their production—the Secretary is to make a calculation of the number of acres necessary to be planted that will produce the amount of wheat that will bring about a balanced supply. Therefore, under the contract, in a purely voluntary fashion, the farmers can balance the supply. But, if they fail to do so, I ask the Senator if the provision for an ever-normal granary does not come into play at a certain time when only the cooperators comply, and it is only when one gets 10 percent beyond the normal supply that the compulsory feature, if there is a desire to call it that—the marketing quota—comes into play. So that under the program, in reference to corn and wheat, there would be given to the farmers a full opportunity for them to do the job. If they fail to do so, the bill then gives power to the Secretary, after a referendum, to accomplish the purpose desired.

Is not that the difference between the bill as it applies to corn and wheat and as it applies to the other commodities covered in the bill? The voluntary program is not presented to the farmers to make their own reductions as to the others, whereas with reference to these two commodities it is given to them.

Does not the Senator also agree that that is the apparent sentiment of the great majority of the people who produce those two commodities?

Mr. MCGILL. I think the Senator has stated correctly the proper interpretation to be placed upon the bill. As the bill is now drawn, with reference to wheat, the marketing quota would become effective after the production of 10 percent more than normal; subject, however, to the action which might be taken in the referendum. But I agree with the Senator's interpretation.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. MCGILL. I yield.

Mr. AUSTIN. I was interested in that part of the very able Senator's presentation relating to the reason for the provisions of the bill; that is, the statement which dealt with the relative importance of the five basic commodities mentioned in the bill. I wonder whether the committee intended to regulate the production of all of the major basic agricultural commodities, or to select only five, say, five out of six, for example.

Mr. MCGILL. As the Senator will recall, the bill originally was introduced on the 15th day of July, and I think it was the theory of the Senator from Idaho [Mr. POPE] and myself, who introduced the bill, that the prices of the five commodities which are now designated in the bill have a very direct bearing upon commodity prices generally

throughout the country, and that that has been the history of those commodities. When the prices of those commodities were high, or substantially normal, that was likewise generally true with reference to most commodity prices. However, whether we are correct in that conclusion or not, of course, is a subject of debate.

As I have said, the bill with those commodities specified was introduced in July, and following that, in August, a joint resolution of the two Houses of Congress was passed. In August the Senate also adopted a resolution of its own directing that hearings be conducted, and specifically instructed the Committee on Agriculture and Forestry to give particular consideration to the provisions of the bill now pending.

I have never, at any time during any of the proceedings of the committee, known of anyone who has asked to have any other commodity added as a basic or a named commodity.

Mr. AUSTIN. Then, Mr. President, I understand that the answer excludes any design to regulate or limit the production of other major basic commodities. Is that correct?

Mr. MCGILL. Not by virtue of this bill. I do not know what may be enacted in the future. If other commodities were to get out of joint with our economic welfare, Congress probably would take notice of that.

Mr. AUSTIN. After the discussion which has occurred here relating to the bill on several days does the Senator recognize that the bill regulates other major basic commodities—for example, milk? This bill regulates the production of milk; does it not?

Mr. MCGILL. Indirectly; yes.

Mr. AUSTIN. Yes; but it makes very little difference to the milk producer whether he "gets it in the neck" directly or indirectly.

Mr. MCGILL. In my judgment, the milk producers or dairymen ought to be in a more satisfactory position if they have a steady and adequate flow of feedstuff and a rather normal price from year to year than if they have abnormally high prices some years and abnormally low prices other years, and have an adequate supply of feed one year and an insufficient supply another year. I think the bill is in the interest of the milk producers and the dairymen.

I might go further and say that the dairymen who appeared before our subcommittee from the States of Wisconsin and northeastern Iowa, and also one or two dairymen who appeared in New York State—I cannot say what States they were from, but I think they were from the State of New York—asked that the dairy industry be included in the bill.

Mr. AUSTIN. Yes. I suppose the committee considered what is represented in the report made by the majority of the House committee on the House bill, that in 1936 and 1937 the relative importance of milk as a basic commodity to these other five commodities, expressed in dollars, was as follows:

Milk—

Mr. MCGILL. I will say to the Senator that I am not at all familiar with the House report. I have not seen the majority report or the minority report of the House committee, and those reports were made following the action of the Senate Committee on Agriculture and Forestry.

Mr. AUSTIN. That does not change my question at all. I refer to these figures as reflecting the relative importance of these six commodities:

Milk, \$1,761,000,000.

Cotton, lint, and seed, \$947,797,000.

Corn, \$1,518,411,000.

Wheat, \$624,338,000.

Tobacco, \$269,061,000.

Rice, \$40,730,000.

Did the committee consider it to be true that milk occupied, as measured by value in dollars, an importance as a

basic commodity comparable with the five commodities for which provision has been made?

Mr. MCGILL. I assume that the Senator sponsors those figures as correct.

Mr. AUSTIN. No, no.

Mr. MCGILL. Then how do I know whether or not they are correct?

Mr. AUSTIN. I do not know, and I did not ask the Senator to assume that they are correct. I used them by way of making the point to my question; namely, did the committee consider milk of relatively as great importance, measured in dollars and cents, as the five other commodities named there?

Mr. MCGILL. I do not know that the question arose at all before the committee in just the form in which the Senator has put it. I do know that no request was made before the full committee by any Member of Congress or by any citizen to have the commodities designated in the bill changed in any way or that any other commodities be added to those. If the Senator desires to have milk and the dairy interests put in the bill in some form, that is a matter that he should consider and concerning which he may offer an amendment.

Mr. AUSTIN. Mr. President, I doubt very much if the Senator would like that; but the Senator would like to have a great commodity like milk considered by the committee, and not place upon that commodity extraordinary burdens for the purpose of supporting the benefits given to the other five commodities. I have grave doubts whether any milk producer in Vermont, New England, or anywhere in the United States realizes that this particular bill would make possible the regimentation of his acres on a basis of all the corn acreage of the great Middle West, so that his agricultural practice for generations on his farm would be entirely changed by an acreage quota fixed in Washington.

I doubt if any milk producer realized the possibility of being curtailed in the production of corn to feed his own herds by reason of the quota fixed for those agriculturists who deal principally in corn. That obviously is one of the tremendous burdens enforced upon our producers of milk, if they sell milk.

Mr. MCGILL. The viewpoint of the Senator is not that entertained by dairymen who appeared before our committee. Their viewpoint was that if the farmers producing wheat and corn, and such commodities as those, had an enhanced purchasing power, it would reflect itself into areas where dairy products are sold, and would be of advantage to the dairymen and the milk producers of the country.

Mr. POPE. Mr. President, will the Senator yield?

Mr. MCGILL. I yield.

Mr. POPE. I may also add to what the Senator from Kansas has said, that in order to make as sure as we can that the results will not happen as indicated by the Senator from Vermont, an amendment has been prepared which I think will be of value, and I will read that into the RECORD, so the Senator from Vermont may have the opportunity to study it. I should be glad to have his opinion on it after he has given it his consideration.

Whenever the Secretary has reason to believe that incomes of producers of livestock or livestock products in any area are being adversely affected by increases in conserving crops in another area resulting from any program formulated pursuant to the provision of this act or the Soil Conservation and Domestic Allotment Act, he is authorized to conduct an investigation to determine the facts. If he finds that incomes of producers of livestock and livestock products are being so affected as to result in such program, he is directed to place such restrictions upon the use of conserving crops grown in excess of the usual acreage in any area as he deems necessary to protect the interests of producers in the affected area.

The Senator will note that that has to do with an increase in conserving crops that may bring on larger herds and larger production, and does not have to do directly with the point which the Senator has raised. I desire the Senator to consider this. The Senator from Kansas is entirely correct. The statement made by practically all the witnesses who appeared,

as I recall, was that they would prefer to have a uniform steady supply of food products at a reasonable price than to have a great supply one year and a scarcity the next year. They then would know on what to count in the way of feed costs. I think the record will show that almost all the livestock and dairy people recognize that fact, and therefore one after another would say, "I think your ever-normal-granary idea is desirable, but we do want you to keep our interests in mind so that we will not be injured in one way or another." I think that is a fair statement.

Mr. AUSTIN. Mr. President, I am glad the amendment is going to be offered. The principle of it seems to trend in the right direction, but it does not reach the point I make, that the provisions of the bill, by their operation, say to the farmer in the northeastern part of the United States, "You and your forefathers have raised 150 bushels of corn and fed it on the farm and sold the milk, but hereafter your acreage is to be curtailed. You cannot plant of corn ground more than so many acres because the allotment based upon this national plan brings your small farm down to this particular acreage." The amendment will not reach that condition. It is true that the milk producer desires stability of price and stability of production, and in that regard he is on sound ground. He does desire this; but the price he is asked to pay for it—there is the rub. Does the bill ask of him a surrender of the practices of himself and his forefathers for generations, and actually compel him to reduce the number of cattle he may have and the quantity of milk he can sell? We do not want that. That is too great a price to pay.

Mr. POPE. I may say that I appreciate very clearly the point the Senator is making. All I can say is that there is under consideration a regional application such as I suggested the other day, and I think perhaps further consideration will be given to that matter. But if some regional application is not worked out as a result of conferences on the bill or yet in the Senate, then I would say that is one of the prices that a farmer would have to pay for what is apparently in the interest of the welfare of all. That is constantly being done under almost every law that is enacted. Something which in the past we have called "liberty" is given up in the interest of the welfare of the greater number. If the application is general throughout the country and is not limited to a region such as I have suggested, then that is the price that would be paid. I think it would not be a greater price than men have paid in conformance with other laws for the benefit of the whole many times in the past.

Mr. President, I wish to invite the attention of Senators to some charts which I have prepared and placed on the walls of the Senate Chamber. I hope Senators will take a few moments to study them. The idea came to me after reading an editorial in the Washington Daily News. I am going to read a few lines of it in order to make the point with reference to the charts. The editorial is entitled "Doing Something for Farmers," and I read from it as follows:

The 97-page farm relief bill now being debated by the Senate is full of language like this:

"The marketing quota for any farm shall be the amount of the current crop of the commodity produced on the farm less the normal yield of the fair acreage planted to such crop in excess of the percentage, as proclaimed under this section, of the farm's soil-depleting base acreage for such crop."

That language was apparently not clear to the editor. I read further:

The House farm bill is shorter—86 pages—and more carefully drawn. But it, too, is exceedingly complicated. It is doubtful whether one-tenth of the Members of Congress understands what either bill really means or how it would operate.

That editorial statement may or may not be true, but I certainly would not think that 1 out of the 96 Members of the Senate, if he would take the trouble to look at a chart in which that formula is applied, could not understand it within 2 or 3 minutes. I think the editor of this paper could also understand it, but we are suffering from the statement of a formula which can only be explained clearly by charts or

figures making an application. The charts have been prepared. The one that deals with this particular matter appears at the right of the door.

I invite the attention of Senators to the charts and an examination of them. Each apparently obscure provision of the bill involving a formula has been carefully worked out, so that only additions and subtractions, and occasionally a multiplication, have to be made in order to reach the results.

I may say incidentally that the instance which I gave to the Senator from Oregon [Mr. McNARY] just before the close of the last session is also worked out on one of the charts in figures and is on the wall. If the Senator from Oregon and I had had that chart we could have understood the situation within a moment or two instead of taking between 10 and 15 minutes to get into the RECORD an explanation of what is meant by the apparently obscure provision of the bill, but which, when put down in figures, becomes so clear that anybody who can add or subtract can easily understand it.

I have had the charts placed on the wall. I have picked out what apparently are obscure provisions of the bill, including the one which troubled the editor of the Daily News. I think any Senator can examine them and understand them in a few minutes. I shall be available to explain them at the request of any Senator at any time.

Mr. ELLENDER. Mr. President, it is my desire to discuss somewhat at length the bill now before the Senate, but it is almost 5 o'clock, the hour at which we have been recessing. I inquire if the Senator from Kentucky [Mr. BARKLEY] desires to recess at this time? If so, I am willing to yield to him for that purpose, provided I may have the floor tomorrow when the Senate reconvenes.

Mr. BARKLEY. That is agreeable to me.

The PRESIDING OFFICER. The Senator from Louisiana is recognized and will have the floor tomorrow.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Callaway, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 2675) to amend certain sections of the Federal Credit Union Act approved June 26, 1934 (Public, No. 467, 73d Cong.), and it was signed by the Vice President.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. MINTON in the chair) laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of several officers for promotion and for appointment, by transfer, in the Regular Army.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Finis J. Garrett, of Tennessee, to be presiding judge of the United States Court of Customs and Patent Appeals, vice William J. Graham, deceased.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of sundry officers and citizens for appointment in the Navy and in the Marine Corps.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

Are there further reports of committees?

QUARTERMASTER OF MARINE CORPS

Mr. WALSH. Mr. President, from the Committee on Naval Affairs, I report two nominations and ask unanimous consent for their immediate consideration. The first is the nomination of Col. Seth Williams, assistant quartermaster, to be the Quartermaster of the Marine Corps, with the rank of brigadier general, for a period of 4 years from the 1st day of December 1937.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

CHIEF, BUREAU OF YARDS AND DOCKS

Mr. WALSH. The other nomination which I report at this time is that of Civil Engineer Ben Moreell, to be Chief of the Bureau of Yards and Docks in the Department of the Navy, with the rank of rear admiral, for a term of 4 years from the 1st day of December 1937. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. WALSH. Mr. President, in view of the fact that both nominations are effective from the 1st day of December, I ask that the rule requiring confirmations to lay over 1 day be suspended and that the President may be notified.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the President will be notified.

If there be no further reports of committees, the clerk will state in order the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

That completes the calendar.

RECESS

The Senate resumed legislative session.

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock p. m.) the Senate took a recess until tomorrow, Tuesday, November 30, 1937, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate November 29 (legislative day of November 16), 1937

UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

Joseph R. Jackson, of New York, to be associate judge of the United States Court of Customs and Patent Appeals, vice Finis J. Garrett, nominated to be presiding judge of said court.

PUERTO RICO RECONSTRUCTION ADMINISTRATION

Miles H. Fairbank, of Maryland, to be assistant administrator of the Puerto Rico Reconstruction Administration.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 29 (legislative day of November 16), 1937

DEPARTMENT OF THE NAVY

Ben Moreell to be Chief of the Bureau of Yards and Docks in the Department of the Navy with the rank of rear admiral.

MARINE CORPS

Col. Seth Williams to be the Quartermaster of the Marine Corps with the rank of brigadier general.

POSTMASTERS

ILLINOIS

Melvin Manecke, Argenta.
 Gerd Willms, Crescent City.
 Alice D. Condit, Elsau.
 Helen H. Wiebers, Emden.
 Leah Pearl York, Hartford.
 Keith K. Angle, Hillview.
 Urban A. Tempel, Ivesdale.
 Charles T. Gilbert, New Canton.
 Winifred G. Whitham, Ontarioville.
 Hazel E. Strobel, Ransom.
 Mollie E. Patterson, Waltonville.
 Martha H. Prevo, West Union.

MISSOURI

Villa R. Harris, Annapolis.
 John Feters, Jr., Baring.
 Marion T. Clymore, Urbana.

HOUSE OF REPRESENTATIVES

MONDAY, NOVEMBER 29, 1937

(Legislative day of Thursday, November 25, 1937)

AFTER RECESS

The recess having expired, the House was called to order by the Speaker at 12 o'clock noon.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2675. An act to amend certain sections of the Federal Credit Union Act, approved June 26, 1934 (Public, No. 467, 73d Cong.).

ELIXIR SULFANILAMIDE MASSENGILL

The SPEAKER laid before the House the following letter from the Secretary of Agriculture, which was read, and, with the accompanying documents, referred to the Committee on Interstate and Foreign Commerce and ordered printed.

NOVEMBER 25, 1937.

HON. WILLIAM B. BANKHEAD,

Speaker, House of Representatives.

DEAR MR. SPEAKER: Respectfully submitted herewith is my report on Elixir Sulfanilamide Massengill, requested in House Resolution 352 of November 18, 1937.

Sincerely,

H. A. WALLACE, Secretary.

EXTENSION OF REMARKS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address I made at Columbus, Ohio, a few nights ago on the subject of Rural Electrification at Yardstick Rates.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by Bishop Freeman at Constitution Day services last Thursday.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MAHON of South Carolina asked and was given permission to extend his own remarks in the RECORD.

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, thanking Governor Murphy in behalf of many people in my district for

his stand on the sit-down strike, and to include in my remarks a short article.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. BARTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein some letters which I have received from small-business men in New York City.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address made by my colleague, the gentleman from Massachusetts [Mr. TREADWAY].

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. KEE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a radio address I recently delivered.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a radio address which I recently made.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MAHON of Texas. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein a few brief letters with reference to the agricultural program.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. LEWIS of Maryland. Mr. Speaker, I rise to resubmit a request I made last Wednesday when I asked unanimous consent to print the public letter of Henry L. Stimson, former Secretary of State. I learned, upon the submission of the request, that the printing of this letter will cost \$113 and will take up two and one-half pages of the RECORD. I believe two pages is the limit without the matter again receiving the consideration of the House.

Mr. FISH. Mr. Speaker, reserving the right to object, I do not intend to object, but I want the House to know that Mr. Stimson, former Secretary of State under the Republican administration, does not represent the Republican Party in its attitude on the League of Nations.

Mr. RANKIN. Reserving the right to object, Mr. Speaker, and I shall not object, let me say to the gentleman from Maryland that it will not cost \$113 to place this letter in the RECORD. All in the world it will cost will be for the two extra pages of paper and the ink which is required to print it, because the employees are already on the roll, the machinery is already set up, and, as I said, the only extra cost will be the paper and the ink.

The statements that have been made about the extra cost of placing materials of this sort in the RECORD have been exaggerations.

Mr. DINGELL. Mr. Speaker, reserving the right to object, and I shall not object, may I ask the gentleman from New York, since he said Mr. Stimson does not reflect the popular Republican opinion, if he will tell the House now if there is anybody in the country today who does reflect the opinion of the Republican Party?

Mr. FISH. Mr. Speaker, I should like to answer the gentleman.

The SPEAKER. The gentleman from Maryland has the floor.